

*Reprinted 3/13/86*

COMMERCE: Holden, Chair; Priebe and Palmer

SENATE FILE 2208  
BY HOLDEN

FILED FEB 26 1986

Passed Senate, Date 3-11-86 (j. 663) Passed House, Date \_\_\_\_\_  
Vote: Ayes 32 Nays 12 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

52721 An Act providing that the geographic limitation on locations  
2 where a financial institution may establish an electronic  
3 funds-transfer satellite terminal does not apply to a  
4 satellite terminal that does not accept deposits.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 2208

S-5272

- 1 Amend Senate File 2208 as follows:
- 2 1. Page 1, line 18, by inserting after the word
- 3 "deposits" the following: ", or dispense cash,
- 4 script, or other negotiable instruments, and is
- 5 utilized to make payments to a retailer for goods or
- 6 services purchased at the satellite terminal
- 7 location".
- 8 2. Title page, by striking lines 3 and 4 and
- 9 inserting the following: "funds-transfer satellite
- 10 terminal does not apply to certain satellite
- 11 terminals."

S-5272 Filed March 6, 1986 BY COMM. ON COMMERCE, KINLEY, CHAIR  
*Adopted 3/11 (j. 663)*

S.F. 2208

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1 Section 1. Section 527.4, subsection 3, paragraph a, Code  
2 1985, is amended to read as follows:

3 3. a. A financial institution may establish any number of  
4 satellite terminals within the boundaries of any municipal  
5 corporation, or any urban complex composed of two or more Iowa  
6 municipal corporations each of which is contiguous to or  
7 corners upon at least one of the other municipal corporations  
8 within the complex, if the principal place of business or an  
9 office of that financial institution is also located within  
10 the boundaries of that municipal corporation or urban complex.  
11 A financial institution shall not establish a satellite  
12 terminal at any other location except pursuant to an agreement  
13 with a financial institution which is authorized by the  
14 preceding sentence to establish a satellite terminal at that  
15 location and which will utilize the satellite terminal so  
16 established. However, this paragraph shall not be construed  
17 to limit the location of a satellite terminal that does not  
18 accept deposits.

5272>

19 EXPLANATION

20 This bill provides that the section which places  
21 geographical limitation on the locations where a financial  
22 institution may establish an electronic funds-transfer  
23 satellite terminal does not apply to a satellite terminal that  
24 does not accept deposits.

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5664

1 Section 1. Section 527.4, subsection 3, paragraph a, Code  
2 1985, is amended to read as follows:

3 3. a. A financial institution may establish any number of  
4 satellite terminals within the boundaries of any municipal  
5 corporation, or any urban complex composed of two or more Iowa  
6 municipal corporations each of which is contiguous to or  
7 corners upon at least one of the other municipal corporations  
8 within the complex, if the principal place of business or an  
9 office of that financial institution is also located within  
10 the boundaries of that municipal corporation or urban complex.  
11 A financial institution shall not establish a satellite  
12 terminal at any other location except pursuant to an agreement  
13 with a financial institution which is authorized by the  
14 preceding sentence to establish a satellite terminal at that  
15 location and which will utilize the satellite terminal so  
16 established. However, this paragraph shall not be construed  
17 to limit the location of a satellite terminal that does not  
18 accept deposits, or dispense cash, script, or other negotiable  
19 instruments, and is utilized to make payments to a retailer  
20 for goods or services purchased at the satellite terminal  
21 location.

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SENATE FILE 2208

H-5664

6094  
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see

1 Amend Senate File 2208 as amended, passed, and  
2 reprinted by the Senate as follows:

3 1. Page 1, by inserting before line 1 the  
4 following:

5 "Sec. \_\_\_\_ . Section 524.805, Code 1985, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. 10. A state bank shall credit a  
8 deposit of a check to the account to which the deposit  
9 is made in the manner prescribed in section 554.4110."

10 2. Page 1, by inserting after line 21 the  
11 following:

12 "Sec. 2. NEW SECTION. 533.48 CREDITING OF  
13 CHECKS.

14 A credit union shall credit a deposit of a check to  
15 the account to which the deposit is made in the manner  
16 prescribed in section 554.4110.

17 Sec. 3. NEW SECTION. 534.309 CREDITING OF  
18 CHECKS.

19 An association shall credit a deposit of a check to  
20 the account to which the deposit is made in the manner  
21 prescribed in section 554.4110.

22 Sec. 4. NEW SECTION. 554.4110 CREDITING OF  
23 CHECKS.

24 1. As used in this section, unless the context  
25 otherwise requires:

26 a. "Account" means a demand deposit account at a  
27 financial institution.

28 b. "Business day" means any day other than  
29 Saturday, Sunday, or a legal holiday.

30 c. "Cashier's check" means a check which is drawn  
31 on a financial institution, is signed by an officer or  
32 employee of the financial institution, and is a direct  
33 obligation of the financial institution.

34 d. "Certified check" means a check with respect to  
35 which a financial institution certifies that the  
36 signature on the check is genuine and the financial  
37 institution has set aside funds from the account which  
38 are equal to the amount of the check and are to be  
39 used only to pay the check.

40 e. "Check" means any negotiable demand draft drawn  
41 on or payable through a financial institution.

42 f. "Depository check" means a cashier's check,  
43 certified check, teller's check, or other functionally  
44 equivalent instrument.

45 g. "Financial institution" means a bank, savings  
46 and loan association, savings bank, or credit union.

47 h. "Teller's check" means a check issued by a  
48 financial institution and drawn on another depository  
49 institution.

50 2. Funds deposited in an account at a financial

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1 institution doing business in this state by check  
 2 shall be available on the business day following the  
 3 business day on which the check was deposited if any  
 4 of the following are applicable:

5 a. The check is in an amount of one hundred  
 6 dollars or less.

7 b. The check is deposited in the same financial  
 8 institution which it is drawn or is deposited in a  
 9 branch of the same financial institution on which it  
 10 is drawn.

11 c. The check is endorsed only by the person to  
 12 whom it is issued and the check is drawn either on the  
 13 treasury of the United States, the treasury of a state  
 14 in the United States, or the treasury of a political  
 15 subdivision of this state.

16 d. The check is a depository check and is endorsed  
 17 only by the person to whom it was issued.

18 3. Not more than one business day shall intervene  
 19 between the business day on which funds are deposited  
 20 in an account at a financial institution doing  
 21 business in this state by a check drawn on a financial  
 22 institution located in this state and the business day  
 23 on which the funds are available for withdrawal.

24 4. Not more than six business days shall intervene  
 25 between the business day on which funds are deposited  
 26 in an account at a financial institution doing  
 27 business in this state by a check drawn on a financial  
 28 institution located in a state other than this state  
 29 and the business day on which the funds are available  
 30 for withdrawal.

31 5. The time limitations contained in subsections  
 32 2, 3, and 4 may be extended by one business day if the  
 33 deposit is at a shared automatic teller machine.

34 6. The time limitations contained in subsections  
 35 2, 3, and 4 do not apply to a check deposited in an  
 36 account that has been open less than thirty calendar  
 37 days.

38 7. A financial institution shall post in a  
 39 conspicuous place in each location where deposits are  
 40 accepted by individuals employed by the financial  
 41 institution, a specific notice which describes the  
 42 time periods applicable to the availability of funds  
 43 deposited in a customer's account.

44 8. In the case of an automated teller machine at  
 45 which funds are received for deposit in an account at  
 46 a financial institution, the owner or operator of the  
 47 automated teller machine shall post a general notice  
 48 that funds deposited in the machine may not be  
 49 immediately available for withdrawal.

50 Sec. 5. This Act is effective on July 1, 1987."

BY TEAFORD of Black Hawk  
 CONNORS of Polk  
 CHAPMAN of Linn

H-5664 FILED APRIL 2, 1986

*Rules not germane, rules suspended  
 Adopted as amended (6094) 5/11 (p. 2012)*

## SENATE FILE 2208

H-6094

1 Amend the amendment, H-5664, to Senate File 2208,  
2 as amended, passed, and reprinted by the Senate as  
3 follows:

4 1. By striking page 1, line 3 through page 2,  
5 line 50 and inserting the following:

6 "\_\_\_\_\_. By striking everything after the enacting  
7 clause and inserting the following:

8 "Section 1. Section 22.7, Code Supplement 1985, is  
9 amended by adding the following new subsection:

10 NEW SUBSECTION. 21. Applications and accompanying  
11 information filed pursuant to sections 524.1808 and  
12 524.1809 regarding acquisition of a bank or bank  
13 holding company by an out-of-state holding company.

14 Sec. 2. Section 524.803, subsection 1, Code 1985,  
15 is amended by adding the following new lettered  
16 paragraph:

17 NEW LETTERED PARAGRAPH. f. Subject to the prior  
18 approval of the superintendent, organize, acquire, or  
19 invest in a subsidiary for the purpose of engaging in  
20 the selling of securities pursuant to section 524.825.

21 Sec. 3. Section 524.814, Code 1985, is amended by  
22 adding the following new subsection:

23 NEW SUBSECTION. 3. To provide any margin for  
24 trading financial futures, forward, or standby  
25 contracts under section 524.901, subsection 1,  
26 paragraph "f".

27 Sec. 4. Section 524.805, Code 1985, is amended by  
28 adding the following new subsection:

29 NEW SUBSECTION. 10. A state bank shall credit a  
30 deposit of a check to the account to which the deposit  
31 is made in the manner prescribed in section 554.4110.

32 Sec. 5. NEW SECTION. 524.825 SECURITIES  
33 ACTIVITIES.

34 Subject to the prior approval of the  
35 superintendent, a subsidiary of a state bank organized  
36 or acquired pursuant to section 524.803, subsection 1,  
37 paragraph "f" may engage in directly, or may organize,  
38 acquire, or invest in a subsidiary for the purpose of  
39 engaging in securities activities and any aspect of  
40 the securities industry, including, but not limited  
41 to, any of the following:

42 1. Issuing, underwriting, selling, or distributing  
43 stocks, bonds, debentures, notes, mutual funds, money  
44 market type mutual funds, or other securities.

45 2. Organizing, sponsoring, and operating one or  
46 more mutual funds.

47 3. Acting as a securities broker-dealer licensed  
48 under chapter 502. The business relating to  
49 securities shall be conducted through, and in the name  
50 of, the broker-dealer.

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1 The requirements of chapter 502 apply to any  
2 business of the broker-dealer transacted in this  
3 state.

4 Sec. 6. Section 524.901, subsection 1, Code  
5 Supplement 1985, is amended by adding the following  
6 new lettered paragraph:

7 NEW LETTERED PARAGRAPH. f. Subject to the prior  
8 approval of the superintendent and pursuant to  
9 applicable federal laws and regulations governing such  
10 contracts; futures, forward, and standby contracts to  
11 purchase and sell any of the securities permitted in  
12 this subsection. However, the activity shall be  
13 conducted in accordance with safe and sound banking  
14 practices and with levels of the activity being  
15 reasonably related to the state bank's business needs  
16 and capacity to fulfill its obligations under the  
17 contracts.

18 Sec. 7. Section 524.901, subsection 3, paragraph  
19 d, Code Supplement 1985, is amended to read as  
20 follows:

21 d. Shares in a corporation which the state bank is  
22 authorized to acquire and hold pursuant to section  
23 524.803, subsection 1, paragraphs "c", "d", and "e",  
24 and "f".

25 Sec. 8. Section 524.901, subsection 3, Code  
26 Supplement 1985, is amended by adding the following  
27 new lettered paragraph:

28 NEW LETTERED PARAGRAPH. i. Shares or obligations  
29 of a corporation or a fund established by a  
30 corporation which has been approved by the  
31 superintendent and whose shares or obligations are  
32 secured by the United States government or by an  
33 agency or instrumentality of the United States  
34 government, or whose investments are guaranteed by the  
35 United States government or by an agency or  
36 instrumentality of the United States government.  
37 However, the aggregate amount invested in any one  
38 corporation or fund under this paragraph shall not  
39 exceed twenty percent of the capital and surplus of  
40 the state bank.

41 Sec. 9. Section 524.901, Code Supplement 1985, is  
42 amended by adding the following new subsection:

43 NEW SUBSECTION. 6. A state bank may invest in  
44 obligations, bonds, notes, shares, certificates or  
45 securities, as provided in subsections 1 through 5, in  
46 amounts that exceed the allowable percentage of the  
47 capital and surplus of the bank provided in those  
48 subsections with the approval of and pursuant to any  
49 conditions prescribed by the superintendent. The  
50 state bank shall submit a written application to the

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1 superintendent setting forth such information as the  
2 superintendent deems necessary to determine whether  
3 and on what conditions to grant a waiver of the  
4 limitations provided in subsections 1 through 5. A  
5 waiver granted pursuant to this subsection shall be  
6 for a limited time, to be determined by the  
7 superintendent at the time the waiver is granted. A  
8 waiver granted pursuant to this subsection means that  
9 the superintendent will not take administrative action  
10 to enforce the normal capital and surplus standards  
11 set forth in this section. The superintendent shall  
12 adopt rules that establish conditions under which this  
13 subsection may be used. In establishing the  
14 conditions, the superintendent shall take into account  
15 procedures adopted by the federal deposit insurance  
16 corporation.

17 Sec. 10. Section 524.904, Code 1985, is amended by  
18 adding the following new subsection:

19 NEW SUBSECTION. 5. A state bank may make or  
20 maintain loans which exceed the limitations set forth  
21 in subsection 2 with the approval of and pursuant to  
22 any conditions prescribed by the superintendent. The  
23 state bank shall submit a written application to the  
24 superintendent setting forth such information as the  
25 superintendent deems necessary to determine whether  
26 and on what conditions to grant a waiver of the  
27 limitations set forth in subsection 2. A waiver  
28 granted pursuant to this subsection shall be for a  
29 limited time, to be determined by the superintendent  
30 at the time the waiver is granted. A waiver granted  
31 pursuant to this subsection means that the  
32 superintendent will not take administrative action to  
33 enforce the normal capital and surplus standards set  
34 forth in this section. The superintendent shall adopt  
35 rules that establish conditions under which this  
36 subsection may be used. In establishing the  
37 conditions, the superintendent shall take into account  
38 procedures adopted by the federal deposit insurance  
39 corporation.

40 Sec. 11. Section 524.910, subsection 2, Code  
41 Supplement 1985, is amended to read as follows:

42 2. Real property purchased by a state bank at  
43 sales upon foreclosure of mortgages or deeds of trust  
44 owned by it, or acquired upon judgments or decrees  
45 obtained or rendered for debts due it, or real  
46 property conveyed to it in satisfaction of debts  
47 previously contracted in the course of its business,  
48 or real property obtained by it through redemption as  
49 a junior mortgagee or judgment creditor, shall be sold  
50 or otherwise disposed of by the state bank within five

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Page Four

1 years after title is vested in the state bank, unless  
2 the time is extended by the superintendent.  
3 Agricultural land held by a state bank pursuant to  
4 this subsection shall be valued on the books of the  
5 bank at a value determined by obtaining the per acre  
6 average of the valuations for the current year and the  
7 four previous years for agricultural land in the  
8 county in which the agricultural land is located as  
9 published by Iowa state university of science and  
10 technology. If an appraisal conducted by an  
11 independent real estate appraiser is available for the  
12 current year, the five-year county average shall be  
13 adjusted by either adding or subtracting from the  
14 five-year average the percentage by which the  
15 particular farm's current appraised value exceeds or  
16 is less than the current year's county average value.  
17 To the extent permitted by federal law, national banks  
18 may value agricultural land on the same basis as state  
19 banks. Before the state bank sells or otherwise  
20 disposes of agricultural land held pursuant to this  
21 subsection, the state bank shall first offer the  
22 immediately prior owner the opportunity to repurchase  
23 the agricultural land on the terms the state bank  
24 proposes to sell or dispose of the agricultural land  
25 if less than five years have passed since the bank has  
26 acquired that land. The immediately prior owner has  
27 thirty days from the time the offer is made to  
28 exercise the right to accept the offer. After the  
29 lapse of that time, the bank may sell or otherwise  
30 dispose of that land to any other person on the terms  
31 upon which it has offered the land to the immediately  
32 prior owner. As used in this subsection, "immediately  
33 prior owner" means the titleholder which immediately  
34 prior to the foreclosure had owned the property.  
35 However, if the titleholder had entered into a land  
36 sales contract, then "immediately prior owner" means  
37 the latest holder of the contract that was not in  
38 default on the contract obligations at the time of the  
39 foreclosure. If there is no such holder of the  
40 contract, then the titleholder is the immediately  
41 prior owner.

42 Sec. 12. Section 524.1805, Code 1985, is amended  
43 to read as follows:

44 524.1805 OUT-OF-STATE HOLDING COMPANIES.

45 1. ~~Nothing in~~ Except as provided in subsection 2  
46 and sections 524.1808 and 524.1809, this division  
47 ~~shall be construed to~~ does not authorize a bank  
48 holding company which is with respect to the state of  
49 Iowa an "out-of-state bank holding company", as  
50 defined or referred to in 12 U.S.C. § 1842(d), as

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1 amended to January 1, 1971, to acquire any of the  
 2 voting shares of, any interest in, all or  
 3 substantially all of the assets of, or power to  
 4 control in any manner the election of any of the  
 5 directors of any a bank in this state, unless such  
 6 bank holding company was on January 1, 1971 registered  
 7 with the federal reserve board as a bank holding  
 8 company, and on that date owned at least two banks in  
 9 this state.

10 2. Notwithstanding the restrictions of subsection  
 11 1, an out-of-state bank holding company which had  
 12 entered into a contract on or before July 1, 1984 to  
 13 directly or indirectly acquire voting shares, an  
 14 interest in all or substantially all of the assets of  
 15 or control of a bank holding company or a bank located  
 16 in this state is declared to have established a  
 17 specific presence in this state as of the date on  
 18 which the respective contract was executed, and may on  
 19 or after January 1, 1988, consummate the transaction  
 20 and acquire the voting shares, an interest in or  
 21 substantially all of the assets of, or control of the  
 22 bank holding company or bank located in this state as  
 23 provided in the contract upon approval by the  
 24 appropriate regulatory authorities and may make  
 25 changes as may be required by the regulatory  
 26 authorities in the terms of the acquisition. This  
 27 subsection shall be void and of no force or effect if,  
 28 prior to the implementation of any transactions  
 29 authorized and accommodated by this subsection, it is  
 30 determined by any court or federal regulatory agency  
 31 having jurisdiction over the parties to the  
 32 transaction that the United States congress has passed  
 33 and the president has approved a federal law which  
 34 provides that the enactment of this subsection and the  
 35 implementation of any transaction authorized by this  
 36 section results in the loss, whether immediately or as  
 37 of a subsequent date, of the right of this state to  
 38 restrict the acquisition of Iowa banks by out-of-state  
 39 bank holding companies on the basis of the states  
 40 which out-of-state bank holding companies are located.

41 Sec. 13. NEW SECTION. 524.1808 EMERGENCY

42 ACQUISITION OF FAILED BANK.

43 1. As used in this section, unless the context  
 44 otherwise requires:

45 a. "Acquire" means either of the following:

46 (1) To acquire all or a portion of the capital  
 47 stock of a failed bank, or purchase all or a portion  
 48 of the assets and assume all or a portion of the  
 49 liabilities of a failed bank.

50 (2) To acquire all or a portion of the capital

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1 stock of a new state bank or new national bank which  
2 will merge or consolidate with, or which will purchase  
3 all or a portion of the assets and assume all or a  
4 portion of the liabilities of a failed bank.

5 b. "Failed bank" means a state or national bank  
6 which has its principal place of business in this  
7 state, is insolvent, and is under the receivership of  
8 the federal deposit insurance corporation.

9 c. "Qualified bidder" means any person who in the  
10 judgment of the superintendent is financially,  
11 legally, and otherwise qualified to submit a binding  
12 bid or offer to acquire a failed bank.

13 d. "Reasonable good-faith bid" means a bid or  
14 offer which is submitted to the federal deposit  
15 insurance corporation pursuant to an auction or other  
16 procedure involving the purchase of assets and  
17 assumption of liabilities of a failed bank, and which  
18 is determined by the superintendent to be a reasonable  
19 bid or offer submitted in good faith by a qualified  
20 bidder.

21 2. Effective July 1, 1986, a bank holding company  
22 which is with respect to this state an "out-of-state  
23 bank holding company", as defined or referred to in 12  
24 U.S.C. § 1842(d), as amended to January 1, 1971, and  
25 which is located in either Illinois, Minnesota,  
26 Missouri, Nebraska, South Dakota, or Wisconsin may  
27 acquire a failed bank upon a written application  
28 submitted to and approved by the superintendent as  
29 provided in this section. For purposes of this  
30 subsection, a bank holding company is deemed to be  
31 located in the state in which the operations of its  
32 banking subsidiaries are "principally conducted", as  
33 defined in 12 U.S.C. § 1842(d), as amended to January  
34 1, 1971.

35 3. An emergency acquisition under this section  
36 shall be subject to the following terms and  
37 conditions:

38 a. The superintendent shall not approve an  
39 acquisition if the superintendent determines that a  
40 reasonable good-faith bid for the acquisition of the  
41 failed bank is received from any person who is  
42 eligible to acquire ownership or control of the failed  
43 bank without reliance on this section, or if the  
44 superintendent is unable to make this determination.

45 b. The superintendent shall not approve an  
46 acquisition if the terms and conditions of that  
47 acquisition are materially different from those which  
48 were presented by the federal deposit insurance  
49 corporation for the purpose of soliciting bids from  
50 qualified bidders who are eligible to acquire

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1 ownership or control of the failed bank without  
2 reliance on this section. If a material change is  
3 made in any of the terms and conditions during the  
4 bidding process, an acquisition shall not be approved  
5 unless all qualified bidders are afforded an  
6 opportunity to submit a bid based upon the modified  
7 terms and conditions.

8 c. The superintendent shall not approve an  
9 acquisition unless the superintendent finds that all  
10 of the following conditions are satisfied:

11 (1) Approval of the acquisition is, on balance and  
12 without applying any presumptions, preferable to  
13 permitting the liquidation of the failed bank,  
14 considering both of the following:

15 (a) The convenience and needs of the communities  
16 principally served by the failed bank.

17 (b) The extent to which, if any, the closing of  
18 the failed bank would be more detrimental to its  
19 depositors and creditors, considering the availability  
20 of insurance, guarantees, and assets which would be  
21 available for distribution, than the effects upon  
22 those persons if the acquisition were to be approved.  
23 For purposes of this subparagraph part, "creditors"  
24 does not include creditors who also are shareholders  
25 or officers of the failed bank or of a bank holding  
26 company which owns the failed bank.

27 (2) The applicant has done all of the following:

28 (a) Provided all information and documents  
29 requested by the superintendent under this section.

30 (b) Demonstrated an acceptable prior record of  
31 meeting the credit needs of the local communities in  
32 which it has engaged in the banking business.

33 (c) Demonstrated a commitment and willingness to  
34 meet the credit needs of the local Iowa communities it  
35 will serve if the application is approved.

36 (d) Demonstrated financial resources, prior  
37 investment policies, and managerial capabilities which  
38 will enable it adequately to serve the local Iowa  
39 communities in which it will engage in the banking  
40 business if the acquisition is approved.

41 (3) The application and the applicant has  
42 satisfied any other conditions or requirements  
43 established by the superintendent.

44 d. The acquisition shall be limited to the  
45 business locations constituting the principal place of  
46 business and bank offices of the failed bank as of the  
47 date it was closed, or such fewer number of business  
48 locations as may be agreed upon by the applicant and  
49 the federal deposit insurance corporation. An out-of-  
50 state bank holding company which acquires a failed

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1 bank under this section shall not acquire direct or  
2 indirect ownership or control, within the meaning of  
3 section 524.1802, of any other state or national bank  
4 located in this state, except that it may acquire  
5 other failed banks upon application and approval under  
6 this section and subject to the limitation contained  
7 in section 524.1802.

8 4. An application for an approval under this  
9 section shall be in the form and contain the  
10 information required by rules adopted by the  
11 superintendent under chapter 17A. The applicant shall  
12 submit a nonrefundable filing fee of one thousand  
13 dollars at the time the application is filed. An  
14 application not approved or denied within thirty days  
15 following the date of filing shall be deemed denied.

16 5. Until such time as a failed bank has been  
17 acquired under this section or its disposition  
18 otherwise has been determined by the federal deposit  
19 insurance corporation, information regarding the  
20 failed bank, any applications and supporting  
21 information received under this section, and all other  
22 information received by the superintendent of the  
23 department of banking in relation to the failed bank  
24 shall be confidential and not subject to public  
25 disclosure under chapters 21 or 22. This subsection  
26 does not restrict the authority of the superintendent  
27 to communicate with bank regulatory agencies or  
28 otherwise to perform official duties.

29 6. The superintendent may investigate the books,  
30 records, and financial affairs of a failed bank and an  
31 affiliate of a failed bank as deemed necessary by the  
32 superintendent to permit the proper consideration of  
33 an application under this section. The superintendent  
34 may make any examinations, investigations, or  
35 inquiries deemed necessary by the superintendent for  
36 the proper performance of duties established by this  
37 section including, but not limited to, the seeking of  
38 the advice and counsel of federal bank regulatory  
39 officials.

40 7. The superintendent shall consult with the  
41 federal deposit insurance corporation prior to  
42 adopting administrative rules and prior to granting  
43 any approval under this section. It is the intent of  
44 the general assembly that this section shall not be  
45 implemented unless the federal deposit insurance  
46 corporation cooperates with the superintendent by  
47 establishing procedures for submitting all bids or  
48 other offers for acquisitions of failed banks for  
49 review by the superintendent, and by adopting policies  
50 and procedures as may be necessary to enable the

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1 superintendent to make the determinations required by  
2 subsection 3, paragraphs "a" and "b".

3 8. This section is enacted in the exercise of the  
4 police powers of this state, and the provisions of  
5 this section are not severable. If any court or  
6 administrative officer or agency of this state or of  
7 the United States determines that a condition or  
8 requirement of this section is invalid or is  
9 unenforceable as against a bank or a bank holding  
10 company for any reason whatever, then this section  
11 shall be void, and any pending or subsequent  
12 acquisition based upon the authority of this section  
13 shall be ineffective. However, any acquisition that  
14 has been consummated may be maintained.

15 Sec. 14. NEW SECTION. 524.1809 EMERGENCY  
16 ACQUISITION OF DISTRESSED BANK HOLDING COMPANY.

17 1. As used in this section, unless the context  
18 otherwise requires:

19 a. "Acquire" means any of the following:

20 (1) To directly or indirectly acquire all of the  
21 assets of a distressed bank holding company,  
22 including, but not limited to the Iowa bank  
23 subsidiaries of a distressed bank holding company.

24 (2) To directly or indirectly acquire all of the  
25 capital stock of a distressed bank holding company.

26 (3) To directly or indirectly acquire the capital  
27 stock of another bank holding company which will  
28 acquire a distressed bank holding company.

29 (4) To merge or consolidate with a distressed bank  
30 holding company.

31 b. A "distressed bank holding company" means a  
32 bank holding company which meets both of the following  
33 conditions:

34 (1) Has two or more Iowa bank subsidiaries that  
35 have in the aggregate over one billion dollars in time  
36 and demand deposits as determined by the  
37 superintendent on the basis of the most recent reports  
38 of those banks submitted to their supervisory  
39 authorities and available to the superintendent.

40 (2) Is subject to the jurisdiction of the United  
41 States bankruptcy court for the southern or northern  
42 districts of Iowa under chapter 11 of the United  
43 States bankruptcy code.

44 c. "Iowa bank" means a state or national bank  
45 having its principal place of business in this state.

46 d. "Qualified bidder" means any person who in the  
47 judgment of the superintendent is financially,  
48 legally, and otherwise qualified to submit a binding  
49 bid or offer to acquire a distressed bank holding  
50 company.

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1 2. Subject to subsections 3, 4, 5, and 7, an out-  
2 of-state bank holding company which is located in  
3 Illinois, Indiana, Kentucky, Michigan, Minnesota,  
4 Missouri, Nebraska, Ohio, South Dakota, or Wisconsin  
5 may acquire one or more distressed bank holding  
6 companies. This section shall not be deemed,  
7 construed, or interpreted to authorize any acquisition  
8 except one consisting of a transfer of ownership of a  
9 distressed bank holding company as a whole, in its  
10 entirety, and in a single transaction.

11 3. An acquisition pursuant to subsection 2 is  
12 subject to the approval of the bankruptcy court and  
13 the superintendent. The out-of-state bank holding  
14 company desiring to make an acquisition under  
15 subsection 2 and the distressed bank holding company  
16 which is proposed to be acquired shall file an  
17 application with the bankruptcy court and the  
18 superintendent. The application shall contain  
19 information the bankruptcy court and the  
20 superintendent deem necessary or appropriate for the  
21 purpose of making a determination under this section.  
22 The application and the supporting information thus  
23 obtained shall be confidential and privileged and not  
24 subject to public disclosure, except that the  
25 application and supporting information may be  
26 disclosed to appropriate federal or state bank  
27 regulatory agencies.

28 4. If applications are submitted by a qualified  
29 bidder who is eligible to acquire a distressed bank  
30 holding company without reliance on this section, and  
31 by a qualified bidder who is an out-of-state bank  
32 holding company, and the terms and conditions of the  
33 proposed acquisitions are not materially different,  
34 including the amounts of assistance requested or the  
35 premiums bid for the assets and liabilities, the  
36 bankruptcy court and the superintendent shall give  
37 preference to and shall approve the application of the  
38 qualified bidder who is eligible to acquire the  
39 distressed bank holding company without reliance on  
40 this section.

41 5. In determining whether to approve an  
42 application under this section, the bankruptcy court  
43 and the superintendent shall consider all of the  
44 following:

45 a. The financial institution structure of this  
46 state.

47 b. The economy of this state and the need for  
48 access to credit, financial services, and capital.

49 c. The convenience and needs of the communities  
50 principally served by the Iowa bank subsidiaries of

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1 the distressed bank holding company.

2 d. Alternative actions that may be taken without  
3 reliance on this section to resolve the difficulties  
4 of the distressed bank holding company.

5 e. Other factors deemed relevant by the court or  
6 the superintendent.

7 f. Whether the applicant has done all of the  
8 following:

9 (1) Provided all information and documents  
10 requested under this section.

11 (2) Demonstrated an acceptable prior record of  
12 meeting the credit needs of the communities in which  
13 it has engaged in the banking business, if applicable.

14 (3) Demonstrated a commitment and willingness to  
15 meet the credit needs of the Iowa communities it will  
16 serve if the application is approved.

17 (4) Demonstrated financial resources, prior  
18 investment policies, and managerial capabilities which  
19 will enable it to adequately serve the Iowa  
20 communities in which it will engage in the banking  
21 business if the application is approved.

22 6. An out-of-state bank holding company which  
23 acquires a distressed bank holding company under the  
24 authority of this section thereafter may acquire  
25 direct or indirect ownership or control, within the  
26 meaning of section 524.1802, of other state or  
27 national banks located in this state, subject to the  
28 limitation contained in section 524.1802.

29 7. An application for the acquisition of a  
30 distressed bank holding company pursuant to this  
31 section shall not be filed or approved prior to  
32 January 1, 1988.

33 Sec. 15. Section 527.2, subsection 2, Code 1985,  
34 is amended to read as follows:

35 2. "Data processing center" means a facility,  
36 wherever located, at which electronic impulses or  
37 other indicia of a transaction originating at a  
38 satellite terminal are received and are processed in  
39 order to enable the satellite terminal to perform any  
40 function for which it is designed. However, "data  
41 processing center" does not include a facility which  
42 is directly connected to a satellite terminal and  
43 which performs only the functions of direct  
44 transmission of all requested transactions from that  
45 terminal to a data processing facility without  
46 performing any review of the requested transactions  
47 for the purpose of categorizing, separating, or  
48 routing.

49 Sec. 16. Section 527.2, Code 1985, is amended by  
50 adding the following new subsections:

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1 NEW SUBSECTION. 8. "Municipal corporation" means  
2 an incorporated city.

3 NEW SUBSECTION. 9. "Unincorporated area" means a  
4 location within this state not within the boundaries  
5 of a municipal corporation.

6 NEW SUBSECTION. 10. "On-line real time basis"  
7 means the immediate and instantaneous delivery or  
8 return of an individual message through transmission  
9 of electronic impulses.

10 NEW SUBSECTION. 11. "Batch basis" means the  
11 periodic delivery of an accumulation of messages  
12 representing electronic funds transfer transactions  
13 authorized or rejected at a prior time.

14 Sec. 17. Section 527.4, subsection 3, paragraph a,  
15 Code 1985, is amended by striking the paragraph and  
16 inserting in lieu thereof the following:

17 a. A financial institution may establish any  
18 number of satellite terminals in any of the following  
19 locations:

20 (1) Within the boundaries of a municipal  
21 corporation if the principal place of business or an  
22 office of the financial institution is also located  
23 within the boundaries of the municipal corporation.

24 (2) Within an urban complex composed of two or  
25 more Iowa municipal corporations each of which is  
26 contiguous to or corners upon at least one of the  
27 other municipal corporations within the complex if the  
28 principal place of business or an office of the  
29 financial institution is also located in the urban  
30 complex.

31 (3) Within the unincorporated area of a county in  
32 which the financial institution has its principal  
33 place of business or an office if another financial  
34 institution does not have its principal place of  
35 business or an office located within a one-mile radius  
36 of the proposed location of the satellite terminal.

37 (4) Within a municipal corporation located in the  
38 same county as the principal place of business or an  
39 office of the financial institution if another  
40 financial institution has not located its principal  
41 place of business or an office within the municipal  
42 corporation.

43 (5) At any location within this state if the  
44 satellite terminal is designed or configured to not  
45 accept deposits and to not dispense cash or script or  
46 other negotiable instruments and if the satellite  
47 terminal is utilized only for the purpose of making  
48 payment to a retailer for goods or services purchased  
49 at the location of the satellite terminal.

50 A financial institution shall not establish a

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1 satellite terminal at any other location except  
2 pursuant to an agreement with a financial institution  
3 which is authorized by this paragraph "a" to establish  
4 a satellite terminal at that location and which will  
5 utilize the satellite terminal at that location.  
6 Nothing in this paragraph "a" shall be interpreted to  
7 amend, modify, or supersede any provision of chapter  
8 524 regulating the number or locations of bank offices  
9 of a state or national bank, or to authorize the  
10 establishment by a financial institution of any  
11 offices or other facilities except satellite terminals  
12 at locations permitted by this paragraph "a".

13 Sec. 18. Section 527.5, Code 1985, is amended by  
14 adding the following new subsection:

15 NEW SUBSECTION. 9. Satellite terminals located in  
16 this state shall be directly connected to either of  
17 the following:

18 a. A central routing unit licensed pursuant to  
19 this chapter.

20 b. A data processing center which is directly  
21 connected to a central routing unit licensed pursuant  
22 to this chapter.

23 If a data processing center which is directly  
24 connected to a satellite terminal located in this  
25 state does not authorize a transaction originated at  
26 that terminal, the transaction shall be immediately  
27 transmitted by the data processing center to a central  
28 routing unit licensed pursuant to this chapter, unless  
29 either the transaction is not authorized because of a  
30 mechanical failure of the data processing center or  
31 satellite terminal, or the transaction does not relate  
32 to a deposit account held by a financial institution  
33 with its principal office in this state.

34 This subsection does not limit the authority of a  
35 data processing center to authorize or reject  
36 transactions requested by customers of a financial  
37 institution pursuant to an agreement in which the data  
38 processing center authorizes transactions on behalf of  
39 the financial institution and provides to the  
40 financial institution, on a batch basis and not on an  
41 on-line real time basis, information concerning  
42 authorized or rejected transactions of customers of  
43 the financial institution.

44 Sec. 19. Section 527.5, subsection 5, Code 1985,  
45 is amended to read as follows:

46 5. The satellite terminal shall bear a sign or  
47 label identifying each type of financial institution  
48 utilizing the terminal. A satellite terminal location  
49 shall not be used to advertise individual financial  
50 institutions or any a group of financial institutions.

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1 However, if a satellite terminal is located inside or  
2 consolidated into the wall of the principal place of  
3 business or any other authorized office of a financial  
4 institution which has established the terminal, the  
5 satellite terminal may bear a sign or other  
6 advertisement of the establishing institution. The  
7 administrator is-empowered-to may authorize such  
8 methods of identification as the administrator deems  
9 necessary to enable the general public to determine  
10 the accessibility of the satellite terminal.

11 Sec. 20. Section 527.9, subsection 2, Code 1985,  
12 is amended by adding the following new lettered  
13 paragraph:

14 NEW LETTERED PARAGRAPH. f. A representation and  
15 undertaking that the proposed central routing unit is  
16 directly connected to every data processing center  
17 that is directly connected to a satellite terminal  
18 located in this state, and that the proposed central  
19 routing unit will provide for direct connection in the  
20 future with any data processing center that becomes  
21 directly connected to a satellite terminal located in  
22 this state.

23 Sec. 21. Section 527.9, Code 1985, is amended by  
24 adding the following new subsection:

25 NEW SUBSECTION. 5. a. Effective July 1, 1986, a  
26 person owning or operating a central routing unit  
27 authorized under this section shall include public  
28 representation on any board setting policy for the  
29 central routing unit. Four public members shall be  
30 appointed to the board in the following manner:

31 (1) Two members shall be appointed by the  
32 superintendent of banking.

33 (2) One member shall be appointed by the  
34 administrator of the credit union department.

35 (3) One member shall be appointed by the  
36 supervisor of savings and loan associations.

37 b. The superintendent of banking, administrator of  
38 the credit union department, and the supervisor of  
39 savings and loan associations shall form a committee  
40 to set, in conjunction with the entity owning or  
41 operating the central routing unit, the term of  
42 office, the rate of compensation, and the rate of  
43 reimbursement for each public member. However, the  
44 public members shall be entitled to reasonable  
45 compensation and reimbursement from the board.

46 c. Each public member is entitled to all the  
47 rights of participation and voting as any other member  
48 of the board. The public members are to represent the  
49 interest of consumers and the business and  
50 agricultural communities in establishing policies for

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1 the central routing unit.

2 d. It is the intention of the general assembly  
3 that the ratio of public members to the overall  
4 membership of the board shall not be less than one  
5 public member for each seven members of the board. If  
6 the number of members on the board is increased, then  
7 the number of members appointed pursuant to paragraph  
8 "a" shall be increased to maintain the minimum ratio.  
9 In this event, a committee composed of the  
10 superintendent of banking, the administrator of the  
11 credit union department, and the supervisor of savings  
12 and loan associations shall appoint additional public  
13 members in order to maintain the minimum ratio.

14 e. An individual shall not be appointed as a  
15 public member pursuant to this subsection if the  
16 individual is directly employed by a financial  
17 institution doing business in this state.

18 Sec. 22. Section 533.4, subsection 5, Code  
19 Supplement 1985, is amended by adding the following  
20 new paragraphs:

21 NEW PARAGRAPH. i. Deposits, obligations,  
22 participations, or other instruments insured by a  
23 state-chartered deposit insurance corporation.

24 NEW PARAGRAPH. j. Commercial paper issued by  
25 United States corporations as defined by the  
26 administrator by rule.

27 Sec. 23. Section 533.5, Code 1985, is amended by  
28 striking the section and inserting in lieu thereof the  
29 following:

30 533.5 MEMBERSHIP.

31 The membership of a credit union shall consist of  
32 those persons in the common bond, duly admitted, who  
33 have paid any required one-time or periodic membership  
34 fee, or both, have subscribed to one or more shares,  
35 and have complied with other requirements the articles  
36 of incorporation and bylaws specify. To continue  
37 membership, a member shall comply with any changes in  
38 the par value of the share. The common bond shall be  
39 determined by the board of directors. If adopted as a  
40 policy by the board of directors of a credit union,  
41 members who cease to meet qualifications of membership  
42 may retain their credit union membership and all  
43 membership privileges. Organizations, incorporated or  
44 otherwise, may be members.

45 Sec. 24. Section 533.9, unnumbered paragraph 1,  
46 Code 1985, is amended to read as follows:

47 Within five days following the organization meeting  
48 and each annual meeting the directors shall elect from  
49 their own number a chairperson of the board, a vice  
50 chairperson, president and a secretary, of whom the

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1 ~~last two may be the same individual, and also~~ a chief  
 2 electd financial officer whose title shall be  
 3 designated by the board of directors, a credit  
 4 committee of not less than three members, and an  
 5 auditing committee of not less than three members, and  
 6 may also elect alternate members of the credit  
 7 committee. It shall be the duty of the The board may  
 8 appoint an executive committee to act on its behalf  
 9 when designated for that purpose. The directors to  
 10 have responsibility for the general management of the  
 11 affairs of the credit union, particularly to.

12 Sec. 25. Section 533.9, subsections 1 through 7,  
 13 Code 1985, are amended by striking the subsections.

14 Sec. 26. Section 533.9, unnumbered paragraph 2,  
 15 Code 1985, is amended by striking the unnumbered  
 16 paragraph.

17 Sec. 27. Section 533.11, subsections 1 and 2, Code  
 18 1985, are amended to read as follows:

19 1. Make or cause to be made an examination of the  
 20 affairs of the credit union at least ~~quarterly~~ semi-  
 21 annually, including an audit of its books and, ~~in the~~  
 22 ~~event said~~ if the committee feels such the action to  
 23 be necessary, it shall call the members together  
 24 thereafter after the examination and submit to them  
 25 its report.

26 2. Make In addition, make or cause to be made an  
 27 annual ~~audit and~~ report and submit ~~the same~~ it at the  
 28 annual meeting of the members.

29 Sec. 28. Section 533.34, subsection 1, Code 1985,  
 30 is amended to read as follows:

31 1. A state credit union may convert into a federal  
 32 credit union with the approval of the administrator of  
 33 the national credit union administration and by the  
 34 affirmative vote of a majority of the credit union's  
 35 members ~~eligible to who vote on the proposal.~~ This  
 36 vote, if taken, shall be at a ~~special~~ meeting called  
 37 for that purpose and shall be in the manner prescribed  
 38 by the bylaws. ~~Any member eligible to vote and not~~  
 39 ~~present at the meeting may, within twenty days after~~  
 40 ~~the date on which the meeting was held, vote in favor~~  
 41 ~~of conversion by signing a statement in a form~~  
 42 ~~satisfactory to the administrator of the credit union~~  
 43 ~~department. This vote shall have the same force and~~  
 44 ~~effect as if cast at the meeting.~~

45 Sec. 29. Section 533.38, unnumbered paragraph 1,  
 46 Code Supplement 1985, is amended to read as follows:

47 A corporate central credit union may be  
 48 established. Credit unions organized under this  
 49 chapter, the Federal Credit Union Act, or any other  
 50 credit union ~~act~~ Act, and credit union organizations

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1 may be members. In addition, regulated financial  
2 institutions, nonprofit organizations, and cooperative  
3 organizations may be members to the extent and manner  
4 provided for in the bylaws of the corporate central  
5 credit union. The corporate central credit union  
6 ~~shall have~~ has all the powers, restrictions, and  
7 obligations imposed upon, or granted to a credit union  
8 under this chapter, except that the corporate central  
9 credit union may exercise any of the following  
10 additional powers subject to the adoption of rules by  
11 the administrator pursuant to chapter 17A and with the  
12 prior written approval of the administrator:

13 Sec. 30. NEW SECTION. 533.48 CREDITING OF  
14 CHECKS.

15 A credit union shall credit a deposit of a check to  
16 the account to which the deposit is made in the manner  
17 prescribed in section 554.4110.

18 Sec. 31. NEW SECTION. 533.49 INVESTMENT IN BANKS  
19 OR SAVINGS AND LOAN ASSOCIATIONS.

20 1. With the prior approval of the administrator  
21 and the superintendent of banking, a credit union may  
22 invest in the capital stock, obligations, or other  
23 securities of a bank.

24 2. With the prior approval of the administrator  
25 and the supervisor of savings and loan associations, a  
26 credit union may invest in the capital stock,  
27 obligations, or other securities of a state savings  
28 and loan association.

29 3. The administrator shall not grant an approval  
30 under subsection 1 or 2, except after making one of  
31 the following findings:

32 a. Based upon a preponderance of the evidence  
33 presented, the proposed investment will not have the  
34 immediate effect of significantly reducing competition  
35 between depository financial institutions located in  
36 the same community in which the institution whose  
37 shares would be acquired is located.

38 b. Based upon a preponderance of the evidence  
39 presented, the proposed investment would have the  
40 anticompetitive effect specified in paragraph "a", but  
41 other factors, to be specifically cited, outweigh the  
42 anticompetitive effect so that there will be a net  
43 public benefit as a result of the investment.

44 4. An investment under this section shall not be  
45 grounds for denying the incorporation of another bank  
46 or savings and loan association in the community of  
47 the acquired bank or savings and loan association.

48 Sec. 32. Section 534.102, Code Supplement 1985, is  
49 amended by adding the following new subsections:

50 NEW SUBSECTION. 34. "Mutual holding company"

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1 means a corporation which is organized under chapter  
2 496A and of which the sole shareholders are persons  
3 who would be members of a stock association which is  
4 wholly owned by the corporation if the stock  
5 association were a mutual association.

6 NEW SUBSECTION. 35. "Stock holding company" means  
7 an association holding company which is not a mutual  
8 holding company.

9 Sec. 33. Section 534.207, subsection 1, paragraph  
10 a, Code 1985, is amended to read as follows:

11 a. Loans secured by ~~first~~ liens or ~~first~~ claims on  
12 residential real estate, participation interests in  
13 groups of loans secured by ~~first~~ liens or ~~first~~ claims  
14 on residential real estate, securities that are  
15 secured by groups of loans secured by ~~first~~ liens or  
16 ~~first~~ claims on residential real estate, or property  
17 improvement loans for the making of improvements upon  
18 residential real property, or a combination of these.

19 Sec. 34. Section 534.209, subsection 2, Code 1985,  
20 is amended to read as follows:

21 2. As an annual average, based on monthly  
22 computations, an association ~~may~~ shall hold not more  
23 than one percent of its assets in commercial loans,  
24 ~~provided-that.~~ However, this limitation shall  
25 increase to two percent of assets on July 1, 1983, to  
26 three percent of assets on July 1, 1984, to four  
27 percent of assets on July 1, 1985, and to five percent  
28 of assets on July 1, 1986, ~~but-further-provided-that.~~  
29 In addition, commencing on the effective date of any  
30 federal statute or federal rule or regulation removing  
31 all limitations or controls on the rates of interest  
32 that may be paid by banks and savings and loan  
33 associations on savings accounts, an association may  
34 hold not more than ~~ten~~ forty percent of its assets in  
35 commercial loans and consumer loans.

36 Sec. 35. NEW SECTION. 534.309 CREDITING OF  
37 CHECKS.

38 An association shall credit a deposit of a check to  
39 the account to which the deposit is made in the manner  
40 prescribed in section 554.4110.

41 Sec. 36. NEW SECTION. 534.518 MUTUAL HOLDING  
42 COMPANY SHAREHOLDERS.

43 A mutual holding company shall not issue stock  
44 certificates to its shareholders. A shareholder shall  
45 have all voting rights as specified in chapter 496A.  
46 A shareholder is entitled to the same number of votes  
47 the shareholder would have in a mutual association if  
48 the stock association which is a wholly owned  
49 subsidiary of the mutual holding company were the  
50 mutual association. Upon dissolution of the mutual

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1 holding company, each shareholder has the same rights  
2 relative to other shareholders as the shareholder  
3 would have upon dissolution of a mutual association if  
4 the stock association which is a wholly owned  
5 subsidiary of the mutual holding company were such  
6 mutual association. This section supersedes  
7 conflicting provisions of chapter 496A and other  
8 sections of this chapter.

9 Sec. 37. NEW SECTION. 534.519 FORMATION OF  
10 MUTUAL HOLDING COMPANY.

11 A mutual holding company may be formed as provided  
12 in one or more transactions authorized in this  
13 section.

14 1. PLAN OF REORGANIZATION. The board of directors  
15 of a mutual association shall adopt a plan of  
16 reorganization providing for all of the following:

17 a. The organization of a corporation under chapter  
18 496A to become the mutual holding company.

19 b. The incorporation of a stock association under  
20 this chapter.

21 c. The transfer from the mutual association to the  
22 stock association of a substantial part of its assets.

23 d. The assumption by the stock association of all  
24 of the deposit account liabilities of the mutual  
25 association.

26 e. The transfer from the mutual association to the  
27 mutual holding company of a portion of its assets.

28 f. The issuance by the stock association of all of  
29 its common stock to the mutual holding company.

30 g. The members of the mutual association becoming  
31 shareholders of the mutual holding company.

32 h. Any other lawful provisions as determined by  
33 the board of directors.

34 2. APPROVAL AND NOTIFICATION. The approval of the  
35 plan of reorganization by the members of the mutual  
36 association is not required. The plan of  
37 reorganization shall be submitted to the supervisor  
38 for approval as provided in section 534.509,  
39 subsection 4, for a plan of conversion. The board of  
40 directors shall also submit to the supervisor for  
41 approval a summary of the plan of reorganization which  
42 shall be mailed to the members of the mutual  
43 association after approval of the plan of  
44 reorganization by the supervisor.

45 Sec. 38. NEW SECTION. 534.520 CONVERSION OF  
46 MUTUAL HOLDING COMPANY.

47 A mutual holding company may be converted to a  
48 stock holding company as provided in this section.

49 1. PLAN OF CONVERSION. The board of directors of  
50 the mutual holding company shall adopt a plan of

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1 conversion providing for the issuance of stock  
2 certificates to the shareholders of the mutual holding  
3 company as of a specified date of conversion and  
4 providing for any other lawful provisions as  
5 determined by the board of directors.

6 2. APPROVAL AND NOTIFICATION. The approval of the  
7 plan of conversion by the shareholders of the mutual  
8 holding company is not required. The plan of  
9 conversion shall be submitted to the supervisor for  
10 approval as provided in section 534.509, subsection 4,  
11 for a plan of conversion of an association. The board  
12 of directors shall also submit to the supervisor for  
13 approval a summary of the plan of conversion which  
14 shall be mailed to the shareholders of the mutual  
15 holding company after approval of the plan of  
16 conversion by the supervisor.

17 Sec. 39. Section 535.8, subsection 2, paragraph b,  
18 Code Supplement 1985, is amended by adding the  
19 following new unnumbered paragraph:

20 NEW UNNUMBERED PARAGRAPH. Upon request of the  
21 borrower, the lender shall provide the borrower with a  
22 copy of any document or report that the lender used in  
23 processing the loan and for which the borrower was  
24 charged under this paragraph "b". The borrower's  
25 right to copies under this paragraph is retroactive  
26 and may be exercised for any loan on property in which  
27 the borrower has an ownership interest at the time of  
28 the request.

29 Sec. 40. Section 535.10, subsection 2, Code 1985,  
30 is amended by striking the subsection and inserting  
31 the following:

32 2. A home equity line of credit is subject to  
33 chapter 537 regardless of whether the amount financed,  
34 as defined in section 537.1301, subsection 4,  
35 paragraph "b", exceeds twenty-five thousand dollars  
36 and regardless of whether the debt is incurred  
37 primarily for a personal, family or household purpose  
38 as long as the account is secured by real estate which  
39 is the consumer's principal dwelling. However,  
40 sections 537.2307, 537.2402, and 537.2510 do not apply  
41 to a home equity line of credit.

42 Sec. 41. Section 536A.22, Code 1985, is amended to  
43 read as follows:

44 536A.22 THRIFT CERTIFICATES.

45 Licensed industrial loan companies may sell senior  
46 debt to the general public in the form of thrift  
47 certificates, installment thrift certificates,  
48 certificates of indebtedness, promissory notes, or  
49 similar evidences of indebtedness. The total amount  
50 of such the thrift certificates, installment thrift

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1 certificates, certificates of indebtedness, promissory  
2 notes, or similar evidences of indebtedness  
3 outstanding and in the hands of the general public  
4 shall not at any time exceed ten times the total  
5 amount of capital, surplus, and undivided profits and  
6 ~~subordinated-debt-that-gives-priority-to-such~~  
7 securities of the issuing industrial loan company.  
8 Except as provided in chapter 536B, the sale of such  
9 the securities ~~shall-be~~ is subject to ~~the-provisions~~  
10 of chapter 502, and ~~shall-is~~ not be construed to be  
11 exempt ~~therefrom~~ from chapter 502 by reason of the  
12 ~~provisions-of~~ section 502.202, subsection 10, except  
13 that the sale of thrift certificates or installment  
14 thrift certificates which are redeemable by the holder  
15 thereof either upon demand or within a period not in  
16 excess of one hundred eighty days ~~shall-be~~ are exempt  
17 from sections 502.201 and 502.602.

18 Sec. 42. NEW SECTION. 554.4110 CREDITING OF  
19 CHECKS.

20 1. As used in this section, unless the context  
21 otherwise requires:

22 a. "Account" means a demand deposit account or  
23 other similar transaction account including, but not  
24 limited to, a negotiable order of withdrawal account  
25 or a share draft account at a financial institution.

26 b. "Business day" means any day other than  
27 Saturday, Sunday, or a legal holiday.

28 c. "Cashier's check" means a check which is drawn  
29 on a financial institution, is signed by an officer or  
30 employee of the financial institution, and is a direct  
31 obligation of the financial institution.

32 d. "Certified check" means a check with respect to  
33 which a financial institution certifies that the  
34 signature on the check is genuine and the financial  
35 institution has set aside funds from the account which  
36 are equal to the amount of the check and are to be  
37 used only to pay the check.

38 e. "Check" means any negotiable demand draft drawn  
39 on or payable through a financial institution.

40 f. "Depository check" means a cashier's check,  
41 certified check, teller's check, or other functionally  
42 equivalent instrument.

43 g. "Financial institution" means a bank, savings  
44 and loan association, savings bank, or credit union.

45 h. "Teller's check" means a check issued by a  
46 financial institution and drawn on another depository  
47 institution.

48 2. Funds deposited in an account at a financial  
49 institution doing business in this state by check  
50 shall be available on two business days following the

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- 1 business day on which the check was deposited if  
2 either of the following is applicable:
- 3 a. The check is an amount of one hundred dollars  
4 or less.
- 5 b. The check is deposited in the same financial  
6 institution on which it is drawn or is deposited in an  
7 office or a branch of the same financial institution  
8 on which it is drawn.
- 9 3. Not more than four business days shall  
10 intervene between the business day on which funds are  
11 deposited in an account at a financial institution  
12 doing business in this state by a check drawn on a  
13 financial institution located in this state and the  
14 business day on which the funds are available for  
15 withdrawal.
- 16 4. The time limitations contained in subsections 2  
17 and 3 may be extended by one business day if the  
18 deposit is at a shared automatic teller machine.
- 19 5. The time limitations in subsections 2 and 3 may  
20 be extended by one business day if the financial  
21 institution in which the check is deposited utilizes a  
22 correspondent or depository financial institution in  
23 the check clearing process.
- 24 6. The time limitations contained in subsections 2  
25 and 3 do not apply to a check deposited in an account  
26 that has been open less than thirty calendar days.
- 27 7. In the case of funds deposited on any business  
28 day in an account at a financial institution by checks  
29 the aggregate amount of which exceeds five thousand  
30 dollars, subsections 2 and 3 shall apply only with  
31 respect to the first five thousand dollars of such  
32 aggregate amount.
- 33 8. In the case of a check which was returned  
34 unpaid by the originating financial institution,  
35 subsections 2 and 3 shall not apply to any subsequent  
36 redeposit of such check in an account at a financial  
37 institution.
- 38 9. In any case in which, on three separate and  
39 distinct occasions within any six-month period, any  
40 account (or successor account) of a depositor has been  
41 the subject of checks which were written by such  
42 depositor and which were in excess of the available  
43 funds in the account involved, subsections 2 and 3  
44 shall not apply to any such account for a period of  
45 six months following the last occasion involved.
- 46 10. Subsections 2 and 3 shall not apply in any  
47 case in which a check is drawn on a financial  
48 institution, or an office of a financial institution,  
49 located outside of the United States.
- 50 11. A financial institution shall post in a

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1 conspicuous place in each location where deposits are  
2 accepted by individuals employed by the financial  
3 institution, a specific notice which describes the  
4 time periods applicable to the availability of funds  
5 deposited in a customer's account.

6 12. In the case of an automated teller machine at  
7 which funds are received for deposit in an account at  
8 a financial institution, the owner or operator of the  
9 automated teller machine shall post a general notice  
10 that funds deposited in the machine may not be  
11 immediately available for withdrawal.

12 Sec. 43. NEW SECTION. 654.2A FORECLOSURE ON  
13 HOMESTEAD --NOTICE, RIGHT TO CURE DEFAULT.

14 1. A creditor shall not initiate an action  
15 pursuant to this chapter to foreclose on a deed of  
16 trust or mortgage on a homestead, as defined in  
17 chapter 561, until the creditor has complied with this  
18 section.

19 2. A creditor who believes in good faith that a  
20 borrower on a deed of trust or mortgage on a homestead  
21 is in default shall give the borrower a notice of  
22 right to cure as provided in section 654.2B. A  
23 creditor gives the notice when the creditor delivers  
24 the notice to the consumer or mails the notice to the  
25 borrower's residence.

26 3. The borrower has a right to cure the default  
27 within thirty days from the date the creditor gives  
28 the notice.

29 4. a. The creditor shall not accelerate the  
30 maturity of the unpaid balance of the obligation,  
31 demand or otherwise take possession of the land,  
32 otherwise than by accepting a voluntary surrender of  
33 it, or otherwise attempt to enforce the obligation  
34 until thirty days after a proper notice of right to  
35 cure is given.

36 b. Until the expiration of thirty days after  
37 notice is given, the borrower may cure the default by  
38 tendering either the amount of all unpaid installments  
39 due at the time of tender, without acceleration, or  
40 the amount stated in the notice of right to cure,  
41 whichever is less, or by tendering any other  
42 performance necessary to cure a default which is  
43 described in the notice of right to cure.

44 5. The act of curing a default restores to the  
45 borrower the borrower's rights under the obligation  
46 and the deed of trust or mortgage.

47 6. This section does not prohibit a borrower from  
48 voluntarily surrendering possession of the homestead  
49 and does not prohibit the creditor from enforcing the  
50 creditor's interest in the land at any time after the

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1 creditor has complied with this section and the  
2 borrower did not cure the alleged default.

3 Sec. 44. NEW SECTION. 654.2B REQUIREMENTS OF  
4 NOTICE OF RIGHT TO CURE.

5 The notice of right to cure shall be in writing and  
6 shall conspicuously state the name, address, and  
7 telephone number of the creditor to which payment is  
8 to be made, a brief identification of the obligation  
9 secured by the deed of trust or mortgage and of the  
10 borrower's right to cure the default, a statement of  
11 nature of the right to cure the default, a statement  
12 of the nature of the alleged default, a statement of  
13 the total payment or other performance necessary to  
14 cure the alleged default, the exact date by which the  
15 amount must be paid or performance tendered and a  
16 statement that if the borrower does not cure the  
17 alleged default that the creditor is entitled to  
18 proceed with initiating a foreclosure action.

19 Sec. 45. Section 654.18, Code Supplement 1985, is  
20 amended by adding the following new subsection:

21 NEW SUBSECTION. 5. The agreement provided for in  
22 subsection 1 is not enforceable against the mortgagor  
23 if the agreement is entered into more than three  
24 months prior to the recording of the conveyance from  
25 the mortgagor to the mortgagee described in subsection  
26 1, subparagraph (a). A prior agreement or arrangement  
27 between the mortgagor and mortgagee, that they will  
28 enter into an agreement provided for in subsection 1  
29 if the mortgagor is unable to make payments or  
30 otherwise is in danger of default, is void.

31 Sec. 46. Sections 43 and 44 of this Act shall  
32 apply to any foreclosure on a homestead in which an  
33 action pursuant to chapter 652 was initiated on or  
34 after January 1, 1986.

35 Sec. 47. If the federal government enacts  
36 legislation concerning the subject matter contained in  
37 sections 4, 30, 35, and 42 of this Act, the attorney  
38 general shall determine whether the federal  
39 legislation preempts any part of this subject matter  
40 contained in those sections. If the attorney general  
41 determines that there is any preemption, sections 4,  
42 30, 35, and 42 of this Act shall be deemed totally  
43 preempted and shall be void.

44 Sec. 48. Sections 4, 30, 35, and 42 of this Act  
45 are effective January 1, 1987."

46 . Title page, by striking lines 1 through 4  
47 and inserting the following: "An Act relating to  
48 financial transactions."

BY PARKER of Jasper  
SWARTZ of Marshall  
HUMMEL of Benton

H-6094 FILED MAY 1, 1986

ADOPTED (p. 2611)

## SENATE FILE 2208

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1 Amend the amendment, H-5664, to Senate File 2208,  
2 as amended, passed, and reprinted by the Senate as  
3 follows:

4 1. By striking page 1, line 3 through page 2,  
5 line 50 and inserting the following:

6 "\_\_\_\_\_. By striking everything after the enacting  
7 clause and inserting the following:

8 "Section 1. Section 22.7, Code Supplement 1985, is  
9 amended by adding the following new subsection:

10 NEW SUBSECTION. 21. Applications and accompanying  
11 information filed pursuant to sections 524.1808 and  
12 524.1809 regarding acquisition of a bank or bank  
13 holding company by an out-of-state holding company.

14 Sec. 2. Section 524.803, subsection 1, Code 1985,  
15 is amended by adding the following new lettered  
16 paragraph:

17 NEW LETTERED PARAGRAPH. f. Subject to the prior  
18 approval of the superintendent, organize, acquire, or  
19 invest in a subsidiary for the purpose of engaging in  
20 the selling of securities pursuant to section 524.825.

21 Sec. 3. Section 524.814, Code 1985, is amended by  
22 adding the following new subsection:

23 NEW SUBSECTION. 3. To provide any margin for  
24 trading financial futures, forward, or standby  
25 contracts under section 524.901, subsection 1,  
26 paragraph "f".

27 Sec. 4. Section 524.805, Code 1985, is amended by  
28 adding the following new subsection:

29 NEW SUBSECTION. 10. A state bank shall credit a  
30 deposit of a check to the account to which the deposit  
31 is made in the manner prescribed in section 554.4110.

32 Sec. 5. NEW SECTION. 524.825 SECURITIES  
33 ACTIVITIES.

34 Subject to the prior approval of the  
35 superintendent, a subsidiary of a state bank organized  
36 or acquired pursuant to section 524.803, subsection 1,  
37 paragraph "f" may engage in directly, or may organize,  
38 acquire, or invest in a subsidiary for the purpose of  
39 engaging in securities activities and any aspect of  
40 the securities industry, including, but not limited  
41 to, any of the following:

42 1. Issuing, underwriting, selling, or distributing  
43 stocks, bonds, debentures, notes, mutual funds, money  
44 market type mutual funds, or other securities.

45 2. Organizing, sponsoring, and operating one or  
46 more mutual funds.

47 3. Acting as a securities broker-dealer licensed  
48 under chapter 502. The business relating to  
49 securities shall be conducted through, and in the name  
50 of, the broker-dealer.

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1 The requirements of chapter 502 apply to any  
2 business of the broker-dealer transacted in this  
3 state.

4 Sec. 6. Section 524.901, subsection 1, Code  
5 Supplement 1985, is amended by adding the following  
6 new lettered paragraph:

7 NEW LETTERED PARAGRAPH. f. Subject to the prior  
8 approval of the superintendent and pursuant to  
9 applicable federal laws and regulations governing such  
10 contracts; futures, forward, and standby contracts to  
11 purchase and sell any of the securities permitted in  
12 this subsection. However, the activity shall be  
13 conducted in accordance with safe and sound banking  
14 practices and with levels of the activity being  
15 reasonably related to the state bank's business needs  
16 and capacity to fulfill its obligations under the  
17 contracts.

18 Sec. 7. Section 524.901, subsection 3, paragraph  
19 d, Code Supplement 1985, is amended to read as  
20 follows:

21 d. Shares in a corporation which the state bank is  
22 authorized to acquire and hold pursuant to section  
23 524.803, subsection 1, paragraphs "c", "d", and "e",  
24 and "f".

25 Sec. 8. Section 524.901, subsection 3, Code  
26 Supplement 1985, is amended by adding the following  
27 new lettered paragraph:

28 NEW LETTERED PARAGRAPH. i. Shares or obligations  
29 of a corporation or a fund established by a  
30 corporation which has been approved by the  
31 superintendent and whose shares or obligations are  
32 secured by the United States government or by an  
33 agency or instrumentality of the United States  
34 government, or whose investments are guaranteed by the  
35 United States government or by an agency or  
36 instrumentality of the United States government.  
37 However, the aggregate amount invested in any one  
38 corporation or fund under this paragraph shall not  
39 exceed twenty percent of the capital and surplus of  
40 the state bank.

41 Sec. 9. Section 524.901, Code Supplement 1985, is  
42 amended by adding the following new subsection:

43 NEW SUBSECTION. 6. A state bank may invest in  
44 obligations, bonds, notes, shares, certificates or  
45 securities, as provided in subsections 1 through 5, in  
46 amounts that exceed the allowable percentage of the  
47 capital and surplus of the bank provided in those  
48 subsections with the approval of and pursuant to any  
49 conditions prescribed by the superintendent. The  
50 state bank shall submit a written application to the

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1 superintendent setting forth such information as the  
2 superintendent deems necessary to determine whether  
3 and on what conditions to grant a waiver of the  
4 limitations provided in subsections 1 through 5. A  
5 waiver granted pursuant to this subsection shall be  
6 for a limited time, to be determined by the  
7 superintendent at the time the waiver is granted. A  
8 waiver granted pursuant to this subsection means that  
9 the superintendent will not take administrative action  
10 to enforce the normal capital and surplus standards  
11 set forth in this section. The superintendent shall  
12 adopt rules that establish conditions under which this  
13 subsection may be used. In establishing the  
14 conditions, the superintendent shall take into account  
15 procedures adopted by the federal deposit insurance  
16 corporation.

17 Sec. 10. Section 524.904, Code 1985, is amended by  
18 adding the following new subsection:

19 NEW SUBSECTION. 5. A state bank may make or  
20 maintain loans which exceed the limitations set forth  
21 in subsection 2 with the approval of and pursuant to  
22 any conditions prescribed by the superintendent. The  
23 state bank shall submit a written application to the  
24 superintendent setting forth such information as the  
25 superintendent deems necessary to determine whether  
26 and on what conditions to grant a waiver of the  
27 limitations set forth in subsection 2. A waiver  
28 granted pursuant to this subsection shall be for a  
29 limited time, to be determined by the superintendent  
30 at the time the waiver is granted. A waiver granted  
31 pursuant to this subsection means that the  
32 superintendent will not take administrative action to  
33 enforce the normal capital and surplus standards set  
34 forth in this section. The superintendent shall adopt  
35 rules that establish conditions under which this  
36 subsection may be used. In establishing the  
37 conditions, the superintendent shall take into account  
38 procedures adopted by the federal deposit insurance  
39 corporation.

40 Sec. 11. Section 524.910, subsection 2, Code  
41 Supplement 1985, is amended to read as follows:

42 2. Real property purchased by a state bank at  
43 sales upon foreclosure of mortgages or deeds of trust  
44 owned by it, or acquired upon judgments or decrees  
45 obtained or rendered for debts due it, or real  
46 property conveyed to it in satisfaction of debts  
47 previously contracted in the course of its business,  
48 or real property obtained by it through redemption as  
49 a junior mortgagee or judgment creditor, shall be sold  
50 or otherwise disposed of by the state bank within five

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1 years after title is vested in the state bank, unless  
2 the time is extended by the superintendent.  
3 Agricultural land held by a state bank pursuant to  
4 this subsection shall be valued on the books of the  
5 bank at a value determined by obtaining the per acre  
6 average of the valuations for the current year and the  
7 four previous years for agricultural land in the  
8 county in which the agricultural land is located as  
9 published by Iowa state university of science and  
10 technology. If an appraisal conducted by an  
11 independent real estate appraiser is available for the  
12 current year, the five-year county average shall be  
13 adjusted by either adding or subtracting from the  
14 five-year average the percentage by which the  
15 particular farm's current appraised value exceeds or  
16 is less than the current year's county average value.  
17 To the extent permitted by federal law, national banks  
18 may value agricultural land on the same basis as state  
19 banks. Before the state bank sells or otherwise  
20 disposes of agricultural land held pursuant to this  
21 subsection, the state bank shall first offer the  
22 immediately prior owner the opportunity to repurchase  
23 the agricultural land on the terms the state bank  
24 proposes to sell or dispose of the agricultural land  
25 if less than five years have passed since the bank has  
26 acquired that land. The immediately prior owner has  
27 thirty days from the time the offer is made to  
28 exercise the right to accept the offer. After the  
29 lapse of that time, the bank may sell or otherwise  
30 dispose of that land to any other person on the terms  
31 upon which it has offered the land to the immediately  
32 prior owner. As used in this subsection, "immediately  
33 prior owner" means the titleholder which immediately  
34 prior to the foreclosure had owned the property.  
35 However, if the titleholder had entered into a land  
36 sales contract, then "immediately prior owner" means  
37 the latest holder of the contract that was not in  
38 default on the contract obligations at the time of the  
39 foreclosure. If there is no such holder of the  
40 contract, then the titleholder is the immediately  
41 prior owner.

42 Sec. 12. Section 524.1805, Code 1985, is amended  
43 to read as follows:

44 524.1805 OUT-OF-STATE HOLDING COMPANIES.

45 1. Nothing in Except as provided in subsection 2  
46 and sections 524.1808 and 524.1809, this division  
47 shall be construed to does not authorize a bank  
48 holding company which is with respect to the state of  
49 Iowa an "out-of-state bank holding company", as  
50 defined or referred to in 12 U.S.C. § 1842(d), as

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1 amended to January 1, 1971, to acquire any of the  
2 voting shares of, any interest in, all or  
3 substantially all of the assets of, or power to  
4 control in any manner the election of any of the  
5 directors of any a bank in this state, unless such the  
6 bank holding company was on January 1, 1971 registered  
7 with the federal reserve board as a bank holding  
8 company, and on that date owned at least two banks in  
9 this state.

10 2. Notwithstanding the restrictions of subsection  
11 1, an out-of-state bank holding company which had  
12 entered into a contract on or before July 1, 1984 to  
13 directly or indirectly acquire voting shares, an  
14 interest in all or substantially all of the assets of,  
15 or control of a bank holding company or a bank located  
16 in this state is declared to have established a  
17 specific presence in this state as of the date on  
18 which the respective contract was executed, and may on  
19 or after January 1, 1988, consummate the transaction  
20 and acquire the voting shares, an interest in or  
21 substantially all of the assets of, or control of the  
22 bank holding company or bank located in this state as  
23 provided in the contract upon approval by the  
24 appropriate regulatory authorities and may make  
25 changes as may be required by the regulatory  
26 authorities in the terms of the acquisition. This  
27 subsection shall be void and of no force or effect if,  
28 prior to the implementation of any transactions  
29 authorized and accommodated by this subsection, it is  
30 determined by any court or federal regulatory agency  
31 having jurisdiction over the parties to the  
32 transaction that the United States congress has passed  
33 and the president has approved a federal law which  
34 provides that the enactment of this subsection and the  
35 implementation of any transaction authorized by this  
36 section results in the loss, whether immediately or as  
37 of a subsequent date, of the right of this state to  
38 restrict the acquisition of Iowa banks by out-of-state  
39 bank holding companies on the basis of the states in  
40 which out-of-state bank holding companies are located.

41 Sec. 13. NEW SECTION. 524.1808 EMERGENCY  
42 ACQUISITION OF FAILED BANK.

43 1. As used in this section, unless the context  
44 otherwise requires:

45 a. "Acquire" means either of the following:

46 (1) To acquire all or a portion of the capital  
47 stock of a failed bank, or purchase all or a portion  
48 of the assets and assume all or a portion of the  
49 liabilities of a failed bank.

50 (2) To acquire all or a portion of the capital

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1 stock of a new state bank or new national bank which  
2 will merge or consolidate with, or which will purchase  
3 all or a portion of the assets and assume all or a  
4 portion of the liabilities of a failed bank.

5 b. "Failed bank" means a state or national bank  
6 which has its principal place of business in this  
7 state, is insolvent, and is under the receivership of  
8 the federal deposit insurance corporation.

9 c. "Qualified bidder" means any person who in the  
10 judgment of the superintendent is financially,  
11 legally, and otherwise qualified to submit a binding  
12 bid or offer to acquire a failed bank.

13 d. "Reasonable good-faith bid" means a bid or  
14 offer which is submitted to the federal deposit  
15 insurance corporation pursuant to an auction or other  
16 procedure involving the purchase of assets and  
17 assumption of liabilities of a failed bank, and which  
18 is determined by the superintendent to be a reasonable  
19 bid or offer submitted in good faith by a qualified  
20 bidder.

21 2. Effective July 1, 1986, a bank holding company  
22 which is with respect to this state an "out-of-state  
23 bank holding company", as defined or referred to in 12  
24 U.S.C. § 1842(d), as amended to January 1, 1971, and  
25 which is located in either Illinois, Minnesota,  
26 Missouri, Nebraska, South Dakota, or Wisconsin may  
27 acquire a failed bank upon a written application  
28 submitted to and approved by the superintendent as  
29 provided in this section. For purposes of this  
30 subsection, a bank holding company is deemed to be  
31 located in the state in which the operations of its  
32 banking subsidiaries are "principally conducted", as  
33 defined in 12 U.S.C. § 1842(d), as amended to January  
34 1, 1971.

35 3. An emergency acquisition under this section  
36 shall be subject to the following terms and  
37 conditions:

38 a. The superintendent shall not approve an  
39 acquisition if the superintendent determines that a  
40 reasonable good-faith bid for the acquisition of the  
41 failed bank is received from any person who is  
42 eligible to acquire ownership or control of the failed  
43 bank without reliance on this section, or if the  
44 superintendent is unable to make this determination.

45 b. The superintendent shall not approve an  
46 acquisition if the terms and conditions of that  
47 acquisition are materially different from those which  
48 were presented by the federal deposit insurance  
49 corporation for the purpose of soliciting bids from  
50 qualified bidders who are eligible to acquire

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1 ownership or control of the failed bank without  
2 reliance on this section. If a material change is  
3 made in any of the terms and conditions during the  
4 bidding process, an acquisition shall not be approved  
5 unless all qualified bidders are afforded an  
6 opportunity to submit a bid based upon the modified  
7 terms and conditions.

8 c. The superintendent shall not approve an  
9 acquisition unless the superintendent finds that all  
10 of the following conditions are satisfied:

11 (1) Approval of the acquisition is, on balance and  
12 without applying any presumptions, preferable to  
13 permitting the liquidation of the failed bank,  
14 considering both of the following:

15 (a) The convenience and needs of the communities  
16 principally served by the failed bank.

17 (b) The extent to which, if any, the closing of  
18 the failed bank would be more detrimental to its  
19 depositors and creditors, considering the availability  
20 of insurance, guarantees, and assets which would be  
21 available for distribution, than the effects upon  
22 those persons if the acquisition were to be approved.  
23 For purposes of this subparagraph part, "creditors"  
24 does not include creditors who also are shareholders  
25 or officers of the failed bank or of a bank holding  
26 company which owns the failed bank.

27 (2) The applicant has done all of the following:

28 (a) Provided all information and documents  
29 requested by the superintendent under this section.

30 (b) Demonstrated an acceptable prior record of  
31 meeting the credit needs of the local communities in  
32 which it has engaged in the banking business.

33 (c) Demonstrated a commitment and willingness to  
34 meet the credit needs of the local Iowa communities it  
35 will serve if the application is approved.

36 (d) Demonstrated financial resources, prior  
37 investment policies, and managerial capabilities which  
38 will enable it adequately to serve the local Iowa  
39 communities in which it will engage in the banking  
40 business if the acquisition is approved.

41 (3) The application and the applicant has  
42 satisfied any other conditions or requirements  
43 established by the superintendent.

44 d. The acquisition shall be limited to the  
45 business locations constituting the principal place of  
46 business and bank offices of the failed bank as of the  
47 date it was closed, or such fewer number of business  
48 locations as may be agreed upon by the applicant and  
49 the federal deposit insurance corporation. An out-of-  
50 state bank holding company which acquires a failed

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1 bank under this section shall not acquire direct or  
2 indirect ownership or control, within the meaning of  
3 section 524.1802, of any other state or national bank  
4 located in this state, except that it may acquire  
5 other failed banks upon application and approval under  
6 this section and subject to the limitation contained  
7 in section 524.1802.

8 4. An application for an approval under this  
9 section shall be in the form and contain the  
10 information required by rules adopted by the  
11 superintendent under chapter 17A. The applicant shall  
12 submit a nonrefundable filing fee of one thousand  
13 dollars at the time the application is filed. An  
14 application not approved or denied within thirty days  
15 following the date of filing shall be deemed denied.

16 5. Until such time as a failed bank has been  
17 acquired under this section or its disposition  
18 otherwise has been determined by the federal deposit  
19 insurance corporation, information regarding the  
20 failed bank, any applications and supporting  
21 information received under this section, and all other  
22 information received by the superintendent of the  
23 department of banking in relation to the failed bank  
24 shall be confidential and not subject to public  
25 disclosure under chapters 21 or 22. This subsection  
26 does not restrict the authority of the superintendent  
27 to communicate with bank regulatory agencies or  
28 otherwise to perform official duties.

29 6. The superintendent may investigate the books,  
30 records, and financial affairs of a failed bank and an  
31 affiliate of a failed bank as deemed necessary by the  
32 superintendent to permit the proper consideration of  
33 an application under this section. The superintendent  
34 may make any examinations, investigations, or  
35 inquiries deemed necessary by the superintendent for  
36 the proper performance of duties established by this  
37 section including, but not limited to, the seeking of  
38 the advice and counsel of federal bank regulatory  
39 officials.

40 7. The superintendent shall consult with the  
41 federal deposit insurance corporation prior to  
42 adopting administrative rules and prior to granting  
43 any approval under this section. It is the intent of  
44 the general assembly that this section shall not be  
45 implemented unless the federal deposit insurance  
46 corporation cooperates with the superintendent by  
47 establishing procedures for submitting all bids or  
48 other offers for acquisitions of failed banks for  
49 review by the superintendent, and by adopting policies  
50 and procedures as may be necessary to enable the

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1 superintendent to make the determinations required by  
2 subsection 3, paragraphs "a" and "b".

3 8. This section is enacted in the exercise of the  
4 police powers of this state, and the provisions of  
5 this section are not severable. If any court or  
6 administrative officer or agency of this state or of  
7 the United States determines that a condition or  
8 requirement of this section is invalid or is  
9 unenforceable as against a bank or a bank holding  
10 company for any reason whatever, then this section  
11 shall be void, and any pending or subsequent  
12 acquisition based upon the authority of this section  
13 shall be ineffective. However, any acquisition that  
14 has been consummated may be maintained.

15 Sec. 14. NEW SECTION. 524.1809 EMERGENCY  
16 ACQUISITION OF DISTRESSED BANK HOLDING COMPANY.

17 1. As used in this section, unless the context  
18 otherwise requires:

19 a. "Acquire" means any of the following:

20 (1) To directly or indirectly acquire all of the  
21 assets of a distressed bank holding company,  
22 including, but not limited to the Iowa bank  
23 subsidiaries of a distressed bank holding company.

24 (2) To directly or indirectly acquire all of the  
25 capital stock of a distressed bank holding company.

26 (3) To directly or indirectly acquire the capital  
27 stock of another bank holding company which will  
28 acquire a distressed bank holding company.

29 (4) To merge or consolidate with a distressed bank  
30 holding company.

31 b. A "distressed bank holding company" means a  
32 bank holding company which meets both of the following  
33 conditions:

34 (1) Has two or more Iowa bank subsidiaries that  
35 have in the aggregate over one billion dollars in time  
36 and demand deposits as determined by the  
37 superintendent on the basis of the most recent reports  
38 of those banks submitted to their supervisory  
39 authorities and available to the superintendent.

40 (2) Is subject to the jurisdiction of the United  
41 States bankruptcy court for the southern or northern  
42 districts of Iowa under chapter 11 of the United  
43 States bankruptcy code.

44 c. "Iowa bank" means a state or national bank  
45 having its principal place of business in this state.

46 d. "Qualified bidder" means any person who in the  
47 judgment of the superintendent is financially,  
48 legally, and otherwise qualified to submit a binding  
49 bid or offer to acquire a distressed bank holding  
50 company.

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1 2. Subject to subsections 3, 4, 5, and 7, an out-  
2 of-state bank holding company which is located in  
3 Illinois, Indiana, Kentucky, Michigan, Minnesota,  
4 Missouri, Nebraska, Ohio, South Dakota, or Wisconsin  
5 may acquire one or more distressed bank holding  
6 companies. This section shall not be deemed,  
7 construed, or interpreted to authorize any acquisition  
8 except one consisting of a transfer of ownership of a  
9 distressed bank holding company as a whole, in its  
10 entirety, and in a single transaction.

11 3. An acquisition pursuant to subsection 2 is  
12 subject to the approval of the bankruptcy court and  
13 the superintendent. The out-of-state bank holding  
14 company desiring to make an acquisition under  
15 subsection 2 and the distressed bank holding company  
16 which is proposed to be acquired shall file an  
17 application with the bankruptcy court and the  
18 superintendent. The application shall contain  
19 information the bankruptcy court and the  
20 superintendent deem necessary or appropriate for the  
21 purpose of making a determination under this section.  
22 The application and the supporting information thus  
23 obtained shall be confidential and privileged and not  
24 subject to public disclosure, except that the  
25 application and supporting information may be  
26 disclosed to appropriate federal or state bank  
27 regulatory agencies.

28 4. If applications are submitted by a qualified  
29 bidder who is eligible to acquire a distressed bank  
30 holding company without reliance on this section, and  
31 by a qualified bidder who is an out-of-state bank  
32 holding company, and the terms and conditions of the  
33 proposed acquisitions are not materially different,  
34 including the amounts of assistance requested or the  
35 premiums bid for the assets and liabilities, the  
36 bankruptcy court and the superintendent shall give  
37 preference to and shall approve the application of the  
38 qualified bidder who is eligible to acquire the  
39 distressed bank holding company without reliance on  
40 this section.

41 5. In determining whether to approve an  
42 application under this section, the bankruptcy court  
43 and the superintendent shall consider all of the  
44 following:

45 a. The financial institution structure of this  
46 state.

47 b. The economy of this state and the need for  
48 access to credit, financial services, and capital.

49 c. The convenience and needs of the communities  
50 principally served by the Iowa bank subsidiaries of

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1 the distressed bank holding company.

2 d. Alternative actions that may be taken without  
3 reliance on this section to resolve the difficulties  
4 of the distressed bank holding company.

5 e. Other factors deemed relevant by the court or  
6 the superintendent.

7 f. Whether the applicant has done all of the  
8 following:

9 (1) Provided all information and documents  
10 requested under this section.

11 (2) Demonstrated an acceptable prior record of  
12 meeting the credit needs of the communities in which  
13 it has engaged in the banking business, if applicable.

14 (3) Demonstrated a commitment and willingness to  
15 meet the credit needs of the Iowa communities it will  
16 serve if the application is approved.

17 (4) Demonstrated financial resources, prior  
18 investment policies, and managerial capabilities which  
19 will enable it to adequately serve the Iowa  
20 communities in which it will engage in the banking  
21 business if the application is approved.

22 6. An out-of-state bank holding company which  
23 acquires a distressed bank holding company under the  
24 authority of this section thereafter may acquire  
25 direct or indirect ownership or control, within the  
26 meaning of section 524.1802, of other state or  
27 national banks located in this state, subject to the  
28 limitation contained in section 524.1802.

29 7. An application for the acquisition of a  
30 distressed bank holding company pursuant to this  
31 section shall not be filed or approved prior to  
32 January 1, 1988.

33 Sec. 15. Section 527.2, subsection 2, Code 1985,  
34 is amended to read as follows:

35 2. "Data processing center" means a facility,  
36 wherever located, at which electronic impulses or  
37 other indicia of a transaction originating at a  
38 satellite terminal are received and are processed in  
39 order to enable the satellite terminal to perform any  
40 function for which it is designed. However, "data  
41 processing center" does not include a facility which  
42 is directly connected to a satellite terminal and  
43 which performs only the functions of direct  
44 transmission of all requested transactions from that  
45 terminal to a data processing facility without  
46 performing any review of the requested transactions  
47 for the purpose of categorizing, separating, or  
48 routing.

49 Sec. 16. Section 527.2, Code 1985, is amended by  
50 adding the following new subsections:

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1 NEW SUBSECTION. 8. "Municipal corporation" means  
2 an incorporated city.

3 NEW SUBSECTION. 9. "Unincorporated area" means a  
4 location within this state not within the boundaries  
5 of a municipal corporation.

6 Sec. 17. Section 527.4, subsection 3, paragraph a,  
7 Code 1985, is amended by striking the paragraph and  
8 inserting in lieu thereof the following:

9 a. A financial institution may establish any  
10 number of satellite terminals in any of the following  
11 locations:

12 (1) Within the boundaries of a municipal  
13 corporation if the principal place of business or an  
14 office of the financial institution is also located  
15 within the boundaries of the municipal corporation.

16 (2) Within an urban complex composed of two or  
17 more Iowa municipal corporations each of which is  
18 contiguous to or corners upon at least one of the  
19 other municipal corporations within the complex if the  
20 principal place of business or an office of the  
21 financial institution is also located in the urban  
22 complex.

23 (3) Within the unincorporated area of a county in  
24 which the financial institution has its principal  
25 place of business or an office if another financial  
26 institution does not have its principal place of  
27 business or an office located within a one-mile radius  
28 of the proposed location of the satellite terminal.

29 (4) Within a municipal corporation located in the  
30 same county as the principal place of business or an  
31 office of the financial institution if another  
32 financial institution has not located its principal  
33 place of business or an office within the municipal  
34 corporation.

35 (5) At any location within this state if the  
36 satellite terminal is designed or configured to not  
37 accept deposits and to not dispense cash or script or  
38 other negotiable instruments and if the satellite  
39 terminal is utilized only for the purpose of making  
40 payment to a retailer for goods or services purchased  
41 at the location of the satellite terminal.

42 A financial institution shall not establish a  
43 satellite terminal at any other location except  
44 pursuant to an agreement with a financial institution  
45 which is authorized by this paragraph "a" to establish  
46 a satellite terminal at that location and which will  
47 utilize the satellite terminal at that location.  
48 Nothing in this paragraph "a" shall be interpreted to  
49 amend, modify, or supersede any provision of chapter  
50 524 regulating the number or locations of bank offices

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of a state or national bank, or to authorize the establishment by a financial institution of any offices or other facilities except satellite terminals at locations permitted by this paragraph "a".

Sec. 18. Section 527.5, subsection 5, Code 1985, is amended to read as follows:

5. The satellite terminal shall bear a sign or label identifying each type of financial institution utilizing the terminal. A satellite terminal location shall not be used to advertise individual financial institutions or any a group of financial institutions. However, if a satellite terminal is located inside or consolidated into the wall of the principal place of business or any other authorized office of a financial institution which has established the terminal, the satellite terminal may bear a sign or other advertisement of the establishing institution. The administrator ~~is empowered to~~ may authorize such methods of identification as the administrator deems necessary to enable the general public to determine the accessibility of the satellite terminal.

Sec. 19. Section 527.9, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 5. a. Effective July 1, 1986, a person owning or operating a central routing unit authorized under this section shall include public representation on any board setting policy for the central routing unit. Four public members shall be appointed to the board in the following manner:

(1) Two members shall be appointed by the superintendent of banking.

(2) One member shall be appointed by the administrator of the credit union department.

(3) One member shall be appointed by the supervisor of savings and loan associations.

b. The superintendent of banking, administrator of the credit union department, and the supervisor of savings and loan associations shall form a committee to set, in conjunction with the entity owning or operating the central routing unit, the term of office, the rate of compensation, and the rate of reimbursement for each public member. However, the public members shall be entitled to reasonable compensation and reimbursement from the board.

c. Each public member is entitled to all the rights of participation and voting as any other member of the board. The public members are to represent the interest of consumers and the business and agricultural communities in establishing policies for the central routing unit.

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1 d. It is the intention of the general assembly  
2 that the ratio of public members to the overall  
3 membership of the board shall not be less than one  
4 public member for each seven members of the board. If  
5 the number of members on the board is increased, then  
6 the number of members appointed pursuant to paragraph  
7 "a" shall be increased to maintain the minimum ratio.  
8 In this event, a committee composed of the  
9 superintendent of banking, the administrator of the  
10 credit union department, and the supervisor of savings  
11 and loan associations shall appoint additional public  
12 members in order to maintain the minimum ratio.

13 e. An individual shall not be appointed as a  
14 public member pursuant to this subsection if the  
15 individual is directly employed by a financial  
16 institution doing business in this state.

17 Sec. 20. Section 533.4, subsection 5, Code  
18 Supplement 1985, is amended by adding the following  
19 new paragraphs:

20 NEW PARAGRAPH. i. Deposits, obligations,  
21 participations, or other instruments insured by a  
22 state-chartered deposit insurance corporation.

23 NEW PARAGRAPH. j. Commercial paper issued by  
24 United States corporations as defined by the  
25 administrator by rule.

26 Sec. 21. Section 533.5, Code 1985, is amended by  
27 striking the section and inserting in lieu thereof the  
28 following:

29 533.5 MEMBERSHIP.

30 The membership of a credit union shall consist of  
31 those persons in the common bond, duly admitted, who  
32 have paid any required one-time or periodic membership  
33 fee, or both, have subscribed to one or more shares,  
34 and have complied with other requirements the articles  
35 of incorporation and bylaws specify. To continue  
36 membership, a member shall comply with any changes in  
37 the par value of the share. The common bond shall be  
38 determined by the board of directors. If adopted as a  
39 policy by the board of directors of a credit union,  
40 members who cease to meet qualifications of membership  
41 may retain their credit union membership and all  
42 membership privileges. Organizations, incorporated or  
43 otherwise, may be members.

44 Sec. 22. Section 533.9, unnumbered paragraph 1,  
45 Code 1985, is amended to read as follows:

46 Within five days following the organization meeting  
47 and each annual meeting the directors shall elect from  
48 their own number a chairperson of the board, a vice  
49 chairperson, president and a secretary, of whom the  
50 last two may be the same individual, and also a chief

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1 elected financial officer whose title shall be  
2 designated by the board of directors, a credit  
3 committee of not less than three members, and an  
4 auditing committee of not less than three members, and  
5 may also elect alternate members of the credit  
6 committee. ~~It shall be the duty of the~~ The board may  
7 appoint an executive committee to act on its behalf  
8 when designated for that purpose. The directors to  
9 have responsibility for the general management of the  
10 affairs of the credit union, particularly to.

11 Sec. 23. Section 533.9, subsections 1 through 7,  
12 Code 1985, are amended by striking the subsections.

13 Sec. 24. Section 533.9, unnumbered paragraph 2,  
14 Code 1985, is amended by striking the unnumbered  
15 paragraph.

16 Sec. 25. Section 533.11, subsections 1 and 2, Code  
17 1985, are amended to read as follows:

18 1. Make or cause to be made an examination of the  
19 affairs of the credit union at least quarterly semi-  
20 annually, including an audit of its books and, ~~in the~~  
21 ~~event said if the committee feels such the~~ action to  
22 be necessary, it shall call the members together  
23 thereafter after the examination and submit to them  
24 its report.

25 2. Make In addition, make or cause to be made an  
26 annual audit and report and submit the same it at the  
27 annual meeting of the members.

28 Sec. 26. Section 533.34, subsection 1, Code 1985,  
29 is amended to read as follows:

30 1. A state credit union may convert into a federal  
31 credit union with the approval of the administrator of  
32 the national credit union administration and by the  
33 affirmative vote of a majority of the credit union's  
34 members ~~eligible to who vote on the proposal.~~ This  
35 vote, if taken, shall be at a special meeting called  
36 for that purpose and shall be in the manner prescribed  
37 by the bylaws. Any member eligible to vote and not  
38 present at the meeting may, within twenty days after  
39 the date on which the meeting was held, vote in favor  
40 of conversion by signing a statement in a form  
41 satisfactory to the administrator of the credit union  
42 department. This vote shall have the same force and  
43 effect as if cast at the meeting.

44 Sec. 27. Section 533.38, unnumbered paragraph 1,  
45 Code Supplement 1985, is amended to read as follows:

46 A corporate central credit union may be  
47 established. Credit unions organized under this  
48 chapter, the Federal Credit Union Act, or any other  
49 credit union act Act, and credit union organizations  
50 may be members. In addition, regulated financial

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1 institutions, nonprofit organizations, and cooperative  
2 organizations may be members to the extent and manner  
3 provided for in the bylaws of the corporate central  
4 credit union. The corporate central credit union  
5 ~~shall have~~ has all the powers, restrictions, and  
6 obligations imposed upon, or granted to a credit union  
7 under this chapter, except that the corporate central  
8 credit union may exercise any of the following  
9 additional powers subject to the adoption of rules by  
10 the administrator pursuant to chapter 17A and with the  
11 prior written approval of the administrator:

12 Sec. 28. NEW SECTION. 533.48 CREDITING OF  
13 CHECKS.

14 A credit union shall credit a deposit of a check to  
15 the account to which the deposit is made in the manner  
16 prescribed in section 554.4110.

17 Sec. 29. NEW SECTION. 533.49 INVESTMENT IN BANKS  
18 OR SAVINGS AND LOAN ASSOCIATIONS.

19 1. With the prior approval of the administrator  
20 and the superintendent of banking, a credit union may  
21 invest in the capital stock, obligations, or other  
22 securities of a bank.

23 2. With the prior approval of the administrator  
24 and the supervisor of savings and loan associations, a  
25 credit union may invest in the capital stock,  
26 obligations, or other securities of a state savings  
27 and loan association.

28 3. The administrator shall not grant an approval  
29 under subsection 1 or 2, except after making one of  
30 the following findings:

31 a. Based upon a preponderance of the evidence  
32 presented, the proposed investment will not have the  
33 immediate effect of significantly reducing competition  
34 between depository financial institutions located in  
35 the same community in which the institution whose  
36 shares would be acquired is located.

37 b. Based upon a preponderance of the evidence  
38 presented, the proposed investment would have the  
39 anticompetitive effect specified in paragraph "a", but  
40 other factors, to be specifically cited, outweigh the  
41 anticompetitive effect so that there will be a net  
42 public benefit as a result of the investment.

43 4. An investment under this section shall not be  
44 grounds for denying the incorporation of another bank  
45 or savings and loan association in the community of  
46 the acquired bank or savings and loan association.

47 Sec. 30. Section 534.102, Code Supplement 1985, is  
48 amended by adding the following new subsections:

49 NEW SUBSECTION. 34. "Mutual holding company"  
50 means a corporation which is organized under chapter

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1 496A and of which the sole shareholders are persons  
2 who would be members of a stock association which is  
3 wholly owned by the corporation if the stock  
4 association were a mutual association.

5 NEW SUBSECTION. 35. "Stock holding company" means  
6 an association holding company which is not a mutual  
7 holding company.

8 Sec. 31. Section 534.207, subsection 1, paragraph  
9 a, Code 1985, is amended to read as follows:

10 a. Loans secured by ~~first~~ liens or ~~first~~ claims on  
11 residential real estate, participation interests in  
12 groups of loans secured by ~~first~~ liens or ~~first~~ claims  
13 on residential real estate, securities that are  
14 secured by groups of loans secured by ~~first~~ liens or  
15 ~~first~~ claims on residential real estate, or property  
16 improvement loans for the making of improvements upon  
17 residential real property, or a combination of these.

18 Sec. 32. Section 534.209, subsection 2, Code 1985,  
19 is amended to read as follows:

20 2. As an annual average, based on monthly  
21 computations, an association ~~may~~ shall hold not more  
22 than one percent of its assets in commercial loans,  
23 ~~provided-that.~~ However, this limitation shall  
24 increase to two percent of assets on July 1, 1983, to  
25 three percent of assets on July 1, 1984, to four  
26 percent of assets on July 1, 1985, and to five percent  
27 of assets on July 1, 1986, ~~but-further-provided-that.~~  
28 In addition, commencing on the effective date of any  
29 federal statute or federal rule or regulation removing  
30 all limitations or controls on the rates of interest  
31 that may be paid by banks and savings and loan  
32 associations on savings accounts, an association may  
33 hold not more than ~~ten~~ forty percent of its assets in  
34 commercial loans and consumer loans.

35 Sec. 33. NEW SECTION. 534.309 CREDITING OF  
36 CHECKS.

37 An association shall credit a deposit of a check to  
38 the account to which the deposit is made in the manner  
39 prescribed in section 554.4110.

40 Sec. 34. NEW SECTION. 534.518 MUTUAL HOLDING  
41 COMPANY SHAREHOLDERS.

42 A mutual holding company shall not issue stock  
43 certificates to its shareholders. A shareholder shall  
44 have all voting rights as specified in chapter 496A.  
45 A shareholder is entitled to the same number of votes  
46 the shareholder would have in a mutual association if  
47 the stock association which is a wholly owned  
48 subsidiary of the mutual holding company were the  
49 mutual association. Upon dissolution of the mutual  
50 holding company, each shareholder has the same rights

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1 relative to other shareholders as the shareholder  
2 would have upon dissolution of a mutual association if  
3 the stock association which is a wholly owned  
4 subsidiary of the mutual holding company were such  
5 mutual association. This section supersedes  
6 conflicting provisions of chapter 496A and other  
7 sections of this chapter.

8 Sec. 35. NEW SECTION. 534.519 FORMATION OF  
9 MUTUAL HOLDING COMPANY.

10 A mutual holding company may be formed as provided  
11 in one or more transactions authorized in this  
12 section.

13 1. PLAN OF REORGANIZATION. The board of directors  
14 of a mutual association shall adopt a plan of  
15 reorganization providing for all of the following:

16 a. The organization of a corporation under chapter  
17 496A to become the mutual holding company.

18 b. The incorporation of a stock association under  
19 this chapter.

20 c. The transfer from the mutual association to the  
21 stock association of a substantial part of its assets.

22 d. The assumption by the stock association of all  
23 of the deposit account liabilities of the mutual  
24 association.

25 e. The transfer from the mutual association to the  
26 mutual holding company of a portion of its assets.

27 f. The issuance by the stock association of all of  
28 its common stock to the mutual holding company.

29 g. The members of the mutual association becoming  
30 shareholders of the mutual holding company.

31 h. Any other lawful provisions as determined by  
32 the board of directors.

33 2. APPROVAL AND NOTIFICATION. The approval of the  
34 plan of reorganization by the members of the mutual  
35 association is not required. The plan of

36 reorganization shall be submitted to the supervisor  
37 for approval as provided in section 534.509,

38 subsection 4, for a plan of conversion. The board of  
39 directors shall also submit to the supervisor for

40 approval a summary of the plan of reorganization which  
41 shall be mailed to the members of the mutual

42 association after approval of the plan of  
43 reorganization by the supervisor.

44 Sec. 36. NEW SECTION. 534.520 CONVERSION OF  
45 MUTUAL HOLDING COMPANY.

46 A mutual holding company may be converted to a  
47 stock holding company as provided in this section.

48 1. PLAN OF CONVERSION. The board of directors of  
49 the mutual holding company shall adopt a plan of  
50 conversion providing for the issuance of stock

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1 certificates to the shareholders of the mutual holding  
2 company as of a specified date of conversion and  
3 providing for any other lawful provisions as  
4 determined by the board of directors.

5 2. APPROVAL AND NOTIFICATION. The approval of the  
6 plan of conversion by the shareholders of the mutual  
7 holding company is not required. The plan of  
8 conversion shall be submitted to the supervisor for  
9 approval as provided in section 534.509, subsection 4,  
10 for a plan of conversion of an association. The board  
11 of directors shall also submit to the supervisor for  
12 approval a summary of the plan of conversion which  
13 shall be mailed to the shareholders of the mutual  
14 holding company after approval of the plan of  
15 conversion by the supervisor.

16 Sec. 37. Section 535.8, subsection 2, paragraph b,  
17 Code Supplement 1985, is amended by adding the  
18 following new unnumbered paragraph:

19 NEW UNNUMBERED PARAGRAPH. Upon request of the  
20 borrower, the lender shall provide the borrower with a  
21 copy of any document or report that the lender used in  
22 processing the loan and for which the borrower was  
23 charged under this paragraph "b". The borrower's  
24 right to copies under this paragraph is retroactive  
25 and may be exercised for any loan on property in which  
26 the borrower has an ownership interest at the time of  
27 the request.

28 Sec. 38. Section 535.10, subsection 2, Code 1985,  
29 is amended by striking the subsection and inserting  
30 the following:

31 2. A home equity line of credit is subject to  
32 chapter 537 regardless of whether the amount financed,  
33 as defined in section 537.1301, subsection 4,  
34 paragraph "b", exceeds twenty-five thousand dollars  
35 and regardless of whether the debt is incurred  
36 primarily for a personal, family or household purpose  
37 as long as the account is secured by real estate which  
38 is the consumer's principal dwelling. However,  
39 sections 537.2307, 537.2402, and 537.2510 do not apply  
40 to a home equity line of credit.

41 Sec. 39. Section 536A.22, Code 1985, is amended to  
42 read as follows:

43 536A.22 THRIFT CERTIFICATES.

44 Licensed industrial loan companies may sell senior  
45 debt to the general public in the form of thrift  
46 certificates, installment thrift certificates,  
47 certificates of indebtedness, promissory notes, or  
48 similar evidences of indebtedness. The total amount  
49 of such the thrift certificates, installment thrift  
50 certificates, certificates of indebtedness, promissory

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1 notes, or similar evidences of indebtedness  
 2 outstanding and in the hands of the general public  
 3 shall not at any time exceed ten times the total  
 4 amount of capital, surplus, and undivided profits and  
 5 ~~subordinated-debt-that-gives-priority-to-such~~  
 6 securities of the issuing industrial loan company.

7 Except as provided in chapter 536B, the sale of such  
 8 ~~the securities shall-be is~~ subject to the provisions  
 9 ~~of chapter 502, and shall is not be-construed-to-be~~  
 10 exempt ~~therefrom from chapter 502~~ by reason of the  
 11 ~~provisions-of~~ section 502.202, subsection 10, except  
 12 that the sale of thrift certificates or installment  
 13 thrift certificates which are redeemable by the holder  
 14 thereof either upon demand or within a period not in  
 15 excess of one hundred eighty days ~~shall-be are~~ exempt  
 16 from sections 502.201 and 502.602.

17 Sec. 40. NEW SECTION. 554.4110 CREDITING OF  
 18 CHECKS.

19 1. As used in this section, unless the context  
 20 otherwise requires:

21 a. "Account" means a demand deposit account or  
 22 other similar transaction account including, but not  
 23 limited to, a negotiable order of withdrawal account  
 24 or a share draft account at a financial institution.

25 b. "Business day" means any day other than  
 26 Saturday, Sunday, or a legal holiday.

27 c. "Cashier's check" means a check which is drawn  
 28 on a financial institution, is signed by an officer or  
 29 employee of the financial institution, and is a direct  
 30 obligation of the financial institution.

31 d. "Certified check" means a check with respect to  
 32 which a financial institution certifies that the  
 33 signature on the check is genuine and the financial  
 34 institution has set aside funds from the account which  
 35 are equal to the amount of the check and are to be  
 36 used only to pay the check.

37 e. "Check" means any negotiable demand draft drawn  
 38 on or payable through a financial institution.

39 f. "Depository check" means a cashier's check,  
 40 certified check, teller's check, or other functionally  
 41 equivalent instrument.

42 g. "Financial institution" means a bank, savings  
 43 and loan association, savings bank, or credit union.

44 h. "Teller's check" means a check issued by a  
 45 financial institution and drawn on another depository  
 46 institution.

47 2. Funds deposited in an account at a financial  
 48 institution doing business in this state by check  
 49 shall be available on two business days following the  
 50 business day on which the check was deposited if

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- 1 either of the following is applicable:  
2 a. The check is an amount of one hundred dollars  
3 or less.  
4 b. The check is deposited in the same financial  
5 institution on which it is drawn or is deposited in an  
6 office or a branch of the same financial institution  
7 on which it is drawn.  
8 3. Not more than four business days shall  
9 intervene between the business day on which funds are  
10 deposited in an account at a financial institution  
11 doing business in this state by a check drawn on a  
12 financial institution located in this state and the  
13 business day on which the funds are available for  
14 withdrawal.  
15 4. The time limitations contained in subsections 2  
16 and 3 may be extended by one business day if the  
17 deposit is at a shared automatic teller machine.  
18 5. The time limitations in subsections 2 and 3 may  
19 be extended by one business day if the financial  
20 institution in which the check is deposited utilizes a  
21 correspondent or depository financial institution in  
22 the check clearing process.  
23 6. The time limitations contained in subsections 2  
24 and 3 do not apply to a check deposited in an account  
25 that has been open less than thirty calendar days.  
26 7. In the case of funds deposited on any business  
27 day in an account at a financial institution by checks  
28 the aggregate amount of which exceeds five thousand  
29 dollars, subsections 2 and 3 shall apply only with  
30 respect to the first five thousand dollars of such  
31 aggregate amount.  
32 8. In the case of a check which was returned  
33 unpaid by the originating financial institution,  
34 subsections 2 and 3 shall not apply to any subsequent  
35 redeposit of such check in an account at a financial  
36 institution.  
37 9. In any case in which, on three separate and  
38 distinct occasions within any six-month period, any  
39 account (or successor account) of a depositor has been  
40 the subject of checks which were written by such  
41 depositor and which were in excess of the available  
42 funds in the account involved, subsections 2 and 3  
43 shall not apply to any such account for a period of  
44 six months following the last occasion involved.  
45 10. Subsections 2 and 3 shall not apply in any  
46 case in which a check is drawn on a financial  
47 institution, or an office of a financial institution,  
48 located outside of the United States.  
49 11. A financial institution shall post in a  
50 conspicuous place in each location where deposits are

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1 accepted by individuals employed by the financial  
2 institution, a specific notice which describes the  
3 time periods applicable to the availability of funds  
4 deposited in a customer's account.

5 12. In the case of an automated teller machine at  
6 which funds are received for deposit in an account at  
7 a financial institution, the owner or operator of the  
8 automated teller machine shall post a general notice  
9 that funds deposited in the machine may not be  
10 immediately available for withdrawal.

11 Sec. 41. NEW SECTION. 654.2A FORECLOSURE ON  
12 HOMESTEAD -- NOTICE, RIGHT TO CURE DEFAULT.

13 1. A creditor shall not initiate an action  
14 pursuant to this chapter to foreclose on a deed of  
15 trust or mortgage on a homestead, as defined in  
16 chapter 561, until the creditor has complied with this  
17 section.

18 2. A creditor who believes in good faith that a  
19 borrower on a deed of trust or mortgage on a homestead  
20 is in default shall give the borrower a notice of  
21 right to cure as provided in section 654.2B. A  
22 creditor gives the notice when the creditor delivers  
23 the notice to the consumer or mails the notice to the  
24 borrower's residence.

25 3. The borrower has a right to cure the default  
26 within thirty days from the date the creditor gives  
27 the notice.

28 4. a. The creditor shall not accelerate the  
29 maturity of the unpaid balance of the obligation,  
30 demand or otherwise take possession of the land,  
31 otherwise than by accepting a voluntary surrender of  
32 it, or otherwise attempt to enforce the obligation  
33 until thirty days after a proper notice of right to  
34 cure is given.

35 b. Until the expiration of thirty days after  
36 notice is given, the borrower may cure the default by  
37 tendering either the amount of all unpaid installments  
38 due at the time of tender, without acceleration, or  
39 the amount stated in the notice of right to cure,  
40 whichever is less, or by tendering any other  
41 performance necessary to cure a default which is  
42 described in the notice of right to cure.

43 5. The act of curing a default restores to the  
44 borrower the borrower's rights under the obligation  
45 and the deed of trust or mortgage.

46 6. This section does not prohibit a borrower from  
47 voluntarily surrendering possession of the homestead  
48 and does not prohibit the creditor from enforcing the  
49 creditor's interest in the land at any time after the  
50 creditor has complied with this section and the

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1 borrower did not cure the alleged default.

2 Sec. 42. NEW SECTION. 654.2B REQUIREMENTS OF  
3 NOTICE OF RIGHT TO CURE.

4 The notice of right to cure shall be in writing and  
5 shall conspicuously state the name, address, and  
6 telephone number of the creditor to which payment is  
7 to be made, a brief identification of the obligation  
8 secured by the deed of trust or mortgage and of the  
9 borrower's right to cure the default, a statement of  
10 nature of the right to cure the default, a statement  
11 of the nature of the alleged default, a statement of  
12 the total payment or other performance necessary to  
13 cure the alleged default, the exact date by which the  
14 amount must be paid or performance tendered and a  
15 statement that if the borrower does not cure the  
16 alleged default that the creditor is entitled to  
17 proceed with initiating a foreclosure action.

18 Sec. 43. Section 654.18, Code Supplement 1985, is  
19 amended by adding the following new subsection:

20 NEW SUBSECTION. 5. The agreement provided for in  
21 subsection 1 is not enforceable against the mortgagor  
22 if the agreement is entered into more than three  
23 months prior to the recording of the conveyance from  
24 the mortgagor to the mortgagee described in subsection  
25 1, subparagraph (a). A prior agreement or arrangement  
26 between the mortgagor and mortgagee, that they will  
27 enter into an agreement provided for in subsection 1  
28 if the mortgagor is unable to make payments or  
29 otherwise is in danger of default, is void.

30 Sec. 44. Sections 41 and 42 of this Act shall  
31 apply to any foreclosure on a homestead in which an  
32 action pursuant to chapter 652 was initiated on or  
33 after January 1, 1986.

34 Sec. 45. If the federal government enacts  
35 legislation concerning the subject matter contained in  
36 sections 4, 28, 33, and 40 of this Act, the attorney  
37 general shall determine whether the federal  
38 legislation preempts any part of this subject matter  
39 contained in those sections. If the attorney general  
40 determines that there is any preemption, sections 4,  
41 28, 33, and 40 of this Act shall be deemed totally  
42 preempted and shall be void.

43 Sec. 46. Sections 4, 28, 33, and 40 of this Act  
44 are effective January 1, 1987."

45 \_\_\_\_\_. Title page, by striking lines 1 through 4  
46 and inserting the following: "An Act relating to  
47 financial transactions.""

H-6095 FILED MAY 1, 1986

BY SCHNEKLOTH of Scott

OUT OF ORDER (p. 2011)

## SENATE FILE 2208

H-6106

1 Amend Senate File 2208 as amended, passed and  
2 reprinted by the Senate as follows:

3 1. Page 1, by inserting after line 21 the  
4 following:

5 "Sec. \_\_\_\_ . Section 524.1202, subsection 1, Code  
6 Supplement 1985, is amended to read as follows:

7 1. Except as otherwise provided in subsection 2 of  
8 ~~this section or section 524.1421~~, ~~no~~ a state bank  
9 shall not establish a bank office outside the  
10 corporate limits of a municipal corporation or in a  
11 municipal corporation in which there is already an  
12 established state or national bank or office, ~~however.~~  
13 However, the subsequent chartering and establishment  
14 of any a state or national bank, through the opening  
15 of its principal place of business within the  
16 municipal corporation where the bank office is  
17 located, shall not affect the right of the bank office  
18 to continue in operation in that municipal  
19 corporation. The existence and continuing operation  
20 of a bank office shall not be affected by the  
21 subsequent discontinuance of a municipal corporation  
22 pursuant to ~~the provisions of~~ sections 368.11 to  
23 368.22. A bank office existing and operating on July  
24 1, 1976, which is not located within the confines of a  
25 municipal corporation, shall be allowed to continue  
26 its existence and operation without regard to this  
27 subsection.

28 Sec. \_\_\_\_ . NEW SECTION. 524.1421 REORGANIZATION  
29 OF BANK AFFILIATES.

30 1. Notwithstanding any other provision of this  
31 chapter, the resulting bank of a merger or  
32 consolidation of two or more banks, which have been  
33 affiliates as defined in section 524.1101 for more  
34 than five years prior to the effective date of the  
35 merger or consolidation, may retain and operate as its  
36 retained bank offices the principal places of business  
37 and all bank offices of the affiliate banks which are  
38 merged or consolidated into the resulting bank.

39 2. The resulting bank may establish bank offices  
40 allowed by other sections of this chapter to the same  
41 extent as if the merger or consolidation had not  
42 occurred.

43 3. This section does not permit the resulting bank  
44 to establish after the effective date of the merger or  
45 consolidation any bank offices in addition to those  
46 allowed to the resulting bank by other sections of  
47 this chapter. However, the resulting bank may  
48 establish and operate facilities which in the absence  
49 of the merger or consolidation would be considered  
50 under section 524.1202, subsection 2, paragraphs "c"

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1 and "d", to be an integral part of the former  
2 principal places of business of the affiliates which  
3 are merged or consolidated into the resulting bank.

4 4. Retained bank offices as provided in subsection  
5 1 shall be operated by the resulting bank in the same  
6 manner as bank offices established under section  
7 524.1201. The banks which are merged or consolidated  
8 under this section shall retain an advisory board of  
9 directors to advise on the operations of the retained  
10 bank office. The board shall be comprised of citizens  
11 residing in the area served by the bank office.

12 5. This section does not alter the limitations  
13 upon bank holding companies contained in section  
14 524.1802.

15 6. The privileges of this section are available on  
16 the same conditions to national banks.

17 7. This section shall be strictly construed as an  
18 exception to the bank office location limitations  
19 contained in section 524.1202 and it is the intent of  
20 the general assembly that a court or regulatory agency  
21 interpreting this section shall not interpret it to  
22 permit statewide branch banking or the location of a  
23 bank office in this state other than as provided in  
24 this section and in sections 524.312 and 524.1202.  
25 This section does not authorize the establishment of  
26 bank offices at any time or by any bank except when  
27 done as the direct and immediate consequence of a  
28 merger or consolidation, does not authorize the  
29 establishment of the principal place of business of  
30 the resulting bank of a merger or consolidation at any  
31 location other than one actually occupied and operated  
32 as a principal place of business of one of the parties  
33 to the merger or consolidation, does not authorize a  
34 bank office at any location other than one actually  
35 occupied and operated as a principal place of business  
36 or bank office by one of the parties to the merger or  
37 consolidation, and does not authorize a greater number  
38 of bank offices within the municipality or urban  
39 complex of the principal place of business of the  
40 resulting bank than is expressly permitted by section  
41 524.1202, subsection 2."

42 2. Renumber as necessary.

BY HATCH of Polk  
SCHNEKLOTH of Scott  
O'KANE of Woodbury

H-6106 FILED MAY 1, 1986  
OUT OF ORDER (p. 2012)

HOUSE AMENDMENT TO  
SENATE FILE 2208

S-5945

1 Amend Senate File 2208 as amended, passed, and  
2 reprinted by the Senate as follows:  
3 1. By striking everything after the enacting  
4 clause and inserting the following:  
5 "Section 1. Section 22.7, Code Supplement 1985, is  
6 amended by adding the following new subsection:  
7 NEW SUBSECTION. 21. Applications and accompanying  
8 information filed pursuant to sections 524.1808 and  
9 524.1809 regarding acquisition of a bank or bank  
10 holding company by an out-of-state holding company.  
11 Sec. 2. Section 524.803, subsection 1, Code 1985,  
12 is amended by adding the following new lettered  
13 paragraph:  
14 NEW LETTERED PARAGRAPH. f. Subject to the prior  
15 approval of the superintendent, organize, acquire, or  
16 invest in a subsidiary for the purpose of engaging in  
17 the selling of securities pursuant to section 524.825.  
18 Sec. 3. Section 524.814, Code 1985, is amended by  
19 adding the following new subsection:  
20 NEW SUBSECTION. 3. To provide any margin for  
21 trading financial futures, forward, or standby  
22 contracts under section 524.901, subsection 1,  
23 paragraph "f".  
24 Sec. 4. Section 524.805, Code 1985, is amended by  
25 adding the following new subsection:  
26 NEW SUBSECTION. 10. A state bank shall credit a  
27 deposit of a check to the account to which the deposit  
28 is made in the manner prescribed in section 554.4110.  
29 Sec. 5. NEW SECTION. 524.825 SECURITIES  
30 ACTIVITIES.  
31 Subject to the prior approval of the  
32 superintendent, a subsidiary of a state bank organized  
33 or acquired pursuant to section 524.803, subsection 1,  
34 paragraph "f" may engage in directly, or may organize,  
35 acquire, or invest in a subsidiary for the purpose of  
36 engaging in securities activities and any aspect of  
37 the securities industry, including, but not limited  
38 to, any of the following:  
39 1. Issuing, underwriting, selling, or distributing  
40 stocks, bonds, debentures, notes, mutual funds, money  
41 market type mutual funds, or other securities.  
42 2. Organizing, sponsoring, and operating one or  
43 more mutual funds.  
44 3. Acting as a securities broker-dealer licensed  
45 under chapter 502. The business relating to  
46 securities shall be conducted through, and in the name  
47 of, the broker-dealer.  
48 The requirements of chapter 502 apply to any  
49 business of the broker-dealer transacted in this  
50 state.

1     Sec. 6. Section 524.901, subsection 1, Code  
2 Supplement 1985, is amended by adding the following  
3 new lettered paragraph:

4     NEW LETTERED PARAGRAPH. f. Subject to the prior  
5 approval of the superintendent and pursuant to  
6 applicable federal laws and regulations governing such  
7 contracts; futures, forward, and standby contracts to  
8 purchase and sell any of the securities permitted in  
9 this subsection. However, the activity shall be  
10 conducted in accordance with safe and sound banking  
11 practices and with levels of the activity being  
12 reasonably related to the state bank's business needs  
13 and capacity to fulfill its obligations under the  
14 contracts.

15     Sec. 7. Section 524.901, subsection 3, paragraph  
16 d, Code Supplement 1985, is amended to read as  
17 follows:

18     d. Shares in a corporation which the state bank is  
19 authorized to acquire and hold pursuant to section  
20 524.803, subsection 1, paragraphs "c", "d", and "e",  
21 and "f".

22     Sec. 8. Section 524.901, subsection 3, Code  
23 Supplement 1985, is amended by adding the following  
24 new lettered paragraph:

25     NEW LETTERED PARAGRAPH. i. Shares or obligations  
26 of a corporation or a fund established by a  
27 corporation which has been approved by the  
28 superintendent and whose shares or obligations are  
29 secured by the United States government or by an  
30 agency or instrumentality of the United States  
31 government, or whose investments are guaranteed by the  
32 United States government or by an agency or  
33 instrumentality of the United States government.  
34 However, the aggregate amount invested in any one  
35 corporation or fund under this paragraph shall not  
36 exceed twenty percent of the capital and surplus of  
37 the state bank.

38     Sec. 9. Section 524.901, Code Supplement 1985, is  
39 amended by adding the following new subsection:

40     NEW SUBSECTION. 6. A state bank may invest in  
41 obligations, bonds, notes, shares, certificates or  
42 securities, as provided in subsections 1 through 5, in  
43 amounts that exceed the allowable percentage of the  
44 capital and surplus of the bank provided in those  
45 subsections with the approval of and pursuant to any  
46 conditions prescribed by the superintendent. The  
47 state bank shall submit a written application to the  
48 superintendent setting forth such information as the  
49 superintendent deems necessary to determine whether  
50 and on what conditions to grant a waiver of the

1 limitations provided in subsections 1 through 5. A  
2 waiver granted pursuant to this subsection shall be  
3 for a limited time, to be determined by the  
4 superintendent at the time the waiver is granted. A  
5 waiver granted pursuant to this subsection means that  
6 the superintendent will not take administrative action  
7 to enforce the normal capital and surplus standards  
8 set forth in this section. The superintendent shall  
9 adopt rules that establish conditions under which this  
10 subsection may be used. In establishing the  
11 conditions, the superintendent shall take into account  
12 procedures adopted by the federal deposit insurance  
13 corporation.

14 Sec. 10. Section 524.904, Code 1985, is amended by  
15 adding the following new subsection:

16 NEW SUBSECTION. 5. A state bank may make or  
17 maintain loans which exceed the limitations set forth  
18 in subsection 2 with the approval of and pursuant to  
19 any conditions prescribed by the superintendent. The  
20 state bank shall submit a written application to the  
21 superintendent setting forth such information as the  
22 superintendent deems necessary to determine whether  
23 and on what conditions to grant a waiver of the  
24 limitations set forth in subsection 2. A waiver  
25 granted pursuant to this subsection shall be for a  
26 limited time, to be determined by the superintendent  
27 at the time the waiver is granted. A waiver granted  
28 pursuant to this subsection means that the  
29 superintendent will not take administrative action to  
30 enforce the normal capital and surplus standards set  
31 forth in this section. The superintendent shall adopt  
32 rules that establish conditions under which this  
33 subsection may be used. In establishing the  
34 conditions, the superintendent shall take into account  
35 procedures adopted by the federal deposit insurance  
36 corporation.

37 Sec. 11. Section 524.910, subsection 2, Code  
38 Supplement 1985, is amended to read as follows:

39 2. Real property purchased by a state bank at  
40 sales upon foreclosure of mortgages or deeds of trust  
41 owned by it, or acquired upon judgments or decrees  
42 obtained or rendered for debts due it, or real  
43 property conveyed to it in satisfaction of debts  
44 previously contracted in the course of its business,  
45 or real property obtained by it through redemption as  
46 a junior mortgagee or judgment creditor, shall be sold  
47 or otherwise disposed of by the state bank within five  
48 years after title is vested in the state bank, unless  
49 the time is extended by the superintendent.  
50 Agricultural land held by a state bank pursuant to

1 this subsection shall be valued on the books of the  
2 bank at a value determined by obtaining the per acre  
3 average of the valuations for the current year and the  
4 four previous years for agricultural land in the  
5 county in which the agricultural land is located as  
6 published by Iowa state university of science and  
7 technology. If an appraisal conducted by an  
8 independent real estate appraiser is available for the  
9 current year, the five-year county average shall be  
10 adjusted by either adding or subtracting from the  
11 five-year average the percentage by which the  
12 particular farm's current appraised value exceeds or  
13 is less than the current year's county average value.  
14 To the extent permitted by federal law, national banks  
15 may value agricultural land on the same basis as state  
16 banks. Before the state bank sells or otherwise  
17 disposes of agricultural land held pursuant to this  
18 subsection, the state bank shall first offer the  
19 immediately prior owner the opportunity to repurchase  
20 the agricultural land on the terms the state bank  
21 proposes to sell or dispose of the agricultural land  
22 if less than five years have passed since the bank has  
23 acquired that land. The immediately prior owner has  
24 thirty days from the time the offer is made to  
25 exercise the right to accept the offer. After the  
26 lapse of that time, the bank may sell or otherwise  
27 dispose of that land to any other person on the terms  
28 upon which it has offered the land to the immediately  
29 prior owner. As used in this subsection, "immediately  
30 prior owner" means the titleholder which immediately  
31 prior to the foreclosure had owned the property.  
32 However, if the titleholder had entered into a land  
33 sales contract, then "immediately prior owner" means  
34 the latest holder of the contract that was not in  
35 default on the contract obligations at the time of the  
36 foreclosure. If there is no such holder of the  
37 contract, then the titleholder is the immediately  
38 prior owner.

39 Sec. 12. Section 524.1805, Code 1985, is amended  
40 to read as follows:

41 524.1805 OUT-OF-STATE HOLDING COMPANIES.

42 1. Nothing in Except as provided in subsection 2  
43 and sections 524.1808 and 524.1809, this division  
44 shall be construed to does not authorize a bank  
45 holding company which is with respect to the state of  
46 Iowa an "out-of-state bank holding company", as  
47 defined or referred to in 12 U.S.C. § 1842(d), as  
48 amended to January 1, 1971, to acquire any of the  
49 voting shares of, any interest in, all or  
50 substantially all of the assets of, or power to

1 control in any manner the election of any of the  
2 directors of any a bank in this state, unless such the  
3 bank holding company was on January 1, 1971 registered  
4 with the federal reserve board as a bank holding  
5 company, and on that date owned at least two banks in  
6 this state.

7 2. Notwithstanding the restrictions of subsection  
8 1, an out-of-state bank holding company which had  
9 entered into a contract on or before July 1, 1984 to  
10 directly or indirectly acquire voting shares, an  
11 interest in all or substantially all of the assets of,  
12 or control of a bank holding company or a bank located  
13 in this state is declared to have established a  
14 specific presence in this state as of the date on  
15 which the respective contract was executed, and may on  
16 or after January 1, 1988, consummate the transaction  
17 and acquire the voting shares, an interest in or  
18 substantially all of the assets of, or control of the  
19 bank holding company or bank located in this state as  
20 provided in the contract upon approval by the  
21 appropriate regulatory authorities and may make  
22 changes as may be required by the regulatory  
23 authorities in the terms of the acquisition. This  
24 subsection shall be void and of no force or effect if,  
25 prior to the implementation of any transactions  
26 authorized and accommodated by this subsection, it is  
27 determined by any court or federal regulatory agency  
28 having jurisdiction over the parties to the  
29 transaction that the United States congress has passed  
30 and the president has approved a federal law which  
31 provides that the enactment of this subsection and the  
32 implementation of any transaction authorized by this  
33 section results in the loss, whether immediately or as  
34 of a subsequent date, of the right of this state to  
35 restrict the acquisition of Iowa banks by out-of-state  
36 bank holding companies on the basis of the states in  
37 which out-of-state bank holding companies are located.

38 Sec. 13. NEW SECTION. 524.1808 EMERGENCY

39 ACQUISITION OF FAILED BANK.

40 1. As used in this section, unless the context  
41 otherwise requires:

42 a. "Acquire" means either of the following:

43 (1) To acquire all or a portion of the capital  
44 stock of a failed bank, or purchase all or a portion  
45 of the assets and assume all or a portion of the  
46 liabilities of a failed bank.

47 (2) To acquire all or a portion of the capital  
48 stock of a new state bank or new national bank which  
49 will merge or consolidate with, or which will purchase  
50 all or a portion of the assets and assume all or a

1 portion of the liabilities of a failed bank.

2 b. "Failed bank" means a state or national bank  
3 which has its principal place of business in this  
4 state, is insolvent, and is under the receivership of  
5 the federal deposit insurance corporation.

6 c. "Qualified bidder" means any person who in the  
7 judgment of the superintendent is financially,  
8 legally, and otherwise qualified to submit a binding  
9 bid or offer to acquire a failed bank.

10 d. "Reasonable good-faith bid" means a bid or  
11 offer which is submitted to the federal deposit  
12 insurance corporation pursuant to an auction or other  
13 procedure involving the purchase of assets and  
14 assumption of liabilities of a failed bank, and which  
15 is determined by the superintendent to be a reasonable  
16 bid or offer submitted in good faith by a qualified  
17 bidder.

18 2. Effective July 1, 1986, a bank holding company  
19 which is with respect to this state an "out-of-state  
20 bank holding company", as defined or referred to in 12  
21 U.S.C. § 1842(d), as amended to January 1, 1971, and  
22 which is located in either Illinois, Minnesota,  
23 Missouri, Nebraska, South Dakota, or Wisconsin may  
24 acquire a failed bank upon a written application  
25 submitted to and approved by the superintendent as  
26 provided in this section. For purposes of this  
27 subsection, a bank holding company is deemed to be  
28 located in the state in which the operations of its  
29 banking subsidiaries are "principally conducted", as  
30 defined in 12 U.S.C. § 1842(d), as amended to January  
31 1, 1971.

32 3. An emergency acquisition under this section  
33 shall be subject to the following terms and  
34 conditions:

35 a. The superintendent shall not approve an  
36 acquisition if the superintendent determines that a  
37 reasonable good-faith bid for the acquisition of the  
38 failed bank is received from any person who is  
39 eligible to acquire ownership or control of the failed  
40 bank without reliance on this section, or if the  
41 superintendent is unable to make this determination.

42 b. The superintendent shall not approve an  
43 acquisition if the terms and conditions of that  
44 acquisition are materially different from those which  
45 were presented by the federal deposit insurance  
46 corporation for the purpose of soliciting bids from  
47 qualified bidders who are eligible to acquire  
48 ownership or control of the failed bank without  
49 reliance on this section. If a material change is  
50 made in any of the terms and conditions during the

1 bidding process, an acquisition shall not be approved  
2 unless all qualified bidders are afforded an  
3 opportunity to submit a bid based upon the modified  
4 terms and conditions.

5 c. The superintendent shall not approve an  
6 acquisition unless the superintendent finds that all  
7 of the following conditions are satisfied:

8 (1) Approval of the acquisition is, on balance and  
9 without applying any presumptions, preferable to  
10 permitting the liquidation of the failed bank,  
11 considering both of the following:

12 (a) The convenience and needs of the communities  
13 principally served by the failed bank.

14 (b) The extent to which, if any, the closing of  
15 the failed bank would be more detrimental to its  
16 depositors and creditors, considering the availability  
17 of insurance, guarantees, and assets which would be  
18 available for distribution, than the effects upon  
19 those persons if the acquisition were to be approved.  
20 For purposes of this subparagraph part, "creditors"  
21 does not include creditors who also are shareholders  
22 or officers of the failed bank or of a bank holding  
23 company which owns the failed bank.

24 (2) The applicant has done all of the following:

25 (a) Provided all information and documents  
26 requested by the superintendent under this section.

27 (b) Demonstrated an acceptable prior record of  
28 meeting the credit needs of the local communities in  
29 which it has engaged in the banking business.

30 (c) Demonstrated a commitment and willingness to  
31 meet the credit needs of the local Iowa communities it  
32 will serve if the application is approved.

33 (d) Demonstrated financial resources, prior  
34 investment policies, and managerial capabilities which  
35 will enable it adequately to serve the local Iowa  
36 communities in which it will engage in the banking  
37 business if the acquisition is approved.

38 (3) The application and the applicant has  
39 satisfied any other conditions or requirements  
40 established by the superintendent.

41 d. The acquisition shall be limited to the  
42 business locations constituting the principal place of  
43 business and bank offices of the failed bank as of the  
44 date it was closed, or such fewer number of business  
45 locations as may be agreed upon by the applicant and  
46 the federal deposit insurance corporation. An out-of-  
47 state bank holding company which acquires a failed  
48 bank under this section shall not acquire direct or  
49 indirect ownership or control, within the meaning of  
50 section 524.1802, of any other state or national bank

1 located in this state, except that it may acquire  
2 other failed banks upon application and approval under  
3 this section and subject to the limitation contained  
4 in section 524.1802.

5 4. An application for an approval under this  
6 section shall be in the form and contain the  
7 information required by rules adopted by the  
8 superintendent under chapter 17A. The applicant shall  
9 submit a nonrefundable filing fee of one thousand  
10 dollars at the time the application is filed. An  
11 application not approved or denied within thirty days  
12 following the date of filing shall be deemed denied.

13 5. Until such time as a failed bank has been  
14 acquired under this section or its disposition  
15 otherwise has been determined by the federal deposit  
16 insurance corporation, information regarding the  
17 failed bank, any applications and supporting  
18 information received under this section, and all other  
19 information received by the superintendent of the  
20 department of banking in relation to the failed bank  
21 shall be confidential and not subject to public  
22 disclosure under chapters 21 or 22. This subsection  
23 does not restrict the authority of the superintendent  
24 to communicate with bank regulatory agencies or  
25 otherwise to perform official duties.

26 6. The superintendent may investigate the books,  
27 records, and financial affairs of a failed bank and an  
28 affiliate of a failed bank as deemed necessary by the  
29 superintendent to permit the proper consideration of  
30 an application under this section. The superintendent  
31 may make any examinations, investigations, or  
32 inquiries deemed necessary by the superintendent for  
33 the proper performance of duties established by this  
34 section including, but not limited to, the seeking of  
35 the advice and counsel of federal bank regulatory  
36 officials.

37 7. The superintendent shall consult with the  
38 federal deposit insurance corporation prior to  
39 adopting administrative rules and prior to granting  
40 any approval under this section. It is the intent of  
41 the general assembly that this section shall not be  
42 implemented unless the federal deposit insurance  
43 corporation cooperates with the superintendent by  
44 establishing procedures for submitting all bids or  
45 other offers for acquisitions of failed banks for  
46 review by the superintendent, and by adopting policies  
47 and procedures as may be necessary to enable the  
48 superintendent to make the determinations required by  
49 subsection 3, paragraphs "a" and "b".

50 8. This section is enacted in the exercise of the

1 police powers of this state, and the provisions of  
2 this section are not severable. If any court or  
3 administrative officer or agency of this state or of  
4 the United States determines that a condition or  
5 requirement of this section is invalid or is  
6 unenforceable as against a bank or a bank holding  
7 company for any reason whatever, then this section  
8 shall be void, and any pending or subsequent  
9 acquisition based upon the authority of this section  
10 shall be ineffective. However, any acquisition that  
11 has been consummated may be maintained.

12 Sec. 14. NEW SECTION. 524.1809 EMERGENCY  
13 ACQUISITION OF DISTRESSED BANK HOLDING COMPANY.

14 1. As used in this section, unless the context  
15 otherwise requires:

16 a. "Acquire" means any of the following:

17 (1) To directly or indirectly acquire all of the  
18 assets of a distressed bank holding company,  
19 including, but not limited to the Iowa bank  
20 subsidiaries of a distressed bank holding company.

21 (2) To directly or indirectly acquire all of the  
22 capital stock of a distressed bank holding company.

23 (3) To directly or indirectly acquire the capital  
24 stock of another bank holding company which will  
25 acquire a distressed bank holding company.

26 (4) To merge or consolidate with a distressed bank  
27 holding company.

28 b. A "distressed bank holding company" means a  
29 bank holding company which meets both of the following  
30 conditions:

31 (1) Has two or more Iowa bank subsidiaries that  
32 have in the aggregate over one billion dollars in time  
33 and demand deposits as determined by the  
34 superintendent on the basis of the most recent reports  
35 of those banks submitted to their supervisory  
36 authorities and available to the superintendent.

37 (2) Is subject to the jurisdiction of the United  
38 States bankruptcy court for the southern or northern  
39 districts of Iowa under chapter 11 of the United  
40 States bankruptcy code.

41 c. "Iowa bank" means a state or national bank  
42 having its principal place of business in this state.

43 d. "Qualified bidder" means any person who in the  
44 judgment of the superintendent is financially,  
45 legally, and otherwise qualified to submit a binding  
46 bid or offer to acquire a distressed bank holding  
47 company.

48 2. Subject to subsections 3, 4, 5, and 7, an out-  
49 of-state bank holding company which is located in  
50 Illinois, Indiana, Kentucky, Michigan, Minnesota,

1 Missouri, Nebraska, Ohio, South-Dakota, or Wisconsin  
2 may acquire one or more distressed bank holding  
3 companies. This section shall not be deemed,  
4 construed, or interpreted to authorize any acquisition  
5 except one consisting of a transfer of ownership of a  
6 distressed bank holding company as a whole, in its  
7 entirety, and in a single transaction.

8 3. An acquisition pursuant to subsection 2 is  
9 subject to the approval of the bankruptcy court and  
10 the superintendent. The out-of-state bank holding  
11 company desiring to make an acquisition under  
12 subsection 2 and the distressed bank holding company  
13 which is proposed to be acquired shall file an  
14 application with the bankruptcy court and the  
15 superintendent. The application shall contain  
16 information the bankruptcy court and the  
17 superintendent deem necessary or appropriate for the  
18 purpose of making a determination under this section.  
19 The application and the supporting information thus  
20 obtained shall be confidential and privileged and not  
21 subject to public disclosure, except that the  
22 application and supporting information may be  
23 disclosed to appropriate federal or state bank  
24 regulatory agencies.

25 4. If applications are submitted by a qualified  
26 bidder who is eligible to acquire a distressed bank  
27 holding company without reliance on this section, and  
28 by a qualified bidder who is an out-of-state bank  
29 holding company, and the terms and conditions of the  
30 proposed acquisitions are not materially different,  
31 including the amounts of assistance requested or the  
32 premiums bid for the assets and liabilities, the  
33 bankruptcy court and the superintendent shall give  
34 preference to and shall approve the application of the  
35 qualified bidder who is eligible to acquire the  
36 distressed bank holding company without reliance on  
37 this section.

38 5. In determining whether to approve an  
39 application under this section, the bankruptcy court  
40 and the superintendent shall consider all of the  
41 following:

42 a. The financial institution structure of this  
43 state.

44 b. The economy of this state and the need for  
45 access to credit, financial services, and capital.

46 c. The convenience and needs of the communities  
47 principally served by the Iowa bank subsidiaries of  
48 the distressed bank holding company.

49 d. Alternative actions that may be taken without  
50 reliance on this section to resolve the difficulties

1 of the distressed bank holding company.

2 e. Other factors deemed relevant by the court or  
3 the superintendent.

4 f. Whether the applicant has done all of the  
5 following:

6 (1) Provided all information and documents  
7 requested under this section.

8 (2) Demonstrated an acceptable prior record of  
9 meeting the credit needs of the communities in which  
10 it has engaged in the banking business, if applicable.

11 (3) Demonstrated a commitment and willingness to  
12 meet the credit needs of the Iowa communities it will  
13 serve if the application is approved.

14 (4) Demonstrated financial resources, prior  
15 investment policies, and managerial capabilities which  
16 will enable it to adequately serve the Iowa  
17 communities in which it will engage in the banking  
18 business if the application is approved.

19 6. An out-of-state bank holding company which  
20 acquires a distressed bank holding company under the  
21 authority of this section thereafter may acquire  
22 direct or indirect ownership or control, within the  
23 meaning of section 524.1802, of other state or  
24 national banks located in this state, subject to the  
25 limitation contained in section 524.1802.

26 7. An application for the acquisition of a  
27 distressed bank holding company pursuant to this  
28 section shall not be filed or approved prior to  
29 January 1, 1988.

30 Sec. 15. Section 527.2, subsection 2, Code 1985,  
31 is amended to read as follows:

32 2. "Data processing center" means a facility,  
33 wherever located, at which electronic impulses or  
34 other indicia of a transaction originating at a  
35 satellite terminal are received and are processed in  
36 order to enable the satellite terminal to perform any  
37 function for which it is designed. However, "data  
38 processing center" does not include a facility which  
39 is directly connected to a satellite terminal and  
40 which performs only the functions of direct  
41 transmission of all requested transactions from that  
42 terminal to a data processing facility without  
43 performing any review of the requested transactions  
44 for the purpose of categorizing, separating, or  
45 routing.

46 Sec. 16. Section 527.2, Code 1985, is amended by  
47 adding the following new subsections:

48 NEW SUBSECTION. 8. "Municipal corporation" means  
49 an incorporated city.

50 NEW SUBSECTION. 9. "Unincorporated area" means a

1 location within this state not within the boundaries  
2 of a municipal corporation.

3 NEW SUBSECTION. 10. "On-line real time basis"  
4 means the immediate and instantaneous delivery or  
5 return of an individual message through transmission  
6 of electronic impulses.

7 NEW SUBSECTION. 11. "Batch basis" means the  
8 periodic delivery of an accumulation of messages  
9 representing electronic funds transfer transactions  
10 authorized or rejected at a prior time.

11 Sec. 17. Section 527.4, subsection 3, paragraph a,  
12 Code 1985, is amended by striking the paragraph and  
13 inserting in lieu thereof the following:

14 a. A financial institution may establish any  
15 number of satellite terminals in any of the following  
16 locations:

17 (1) Within the boundaries of a municipal  
18 corporation if the principal place of business or an  
19 office of the financial institution is also located  
20 within the boundaries of the municipal corporation.

21 (2) Within an urban complex composed of two or  
22 more Iowa municipal corporations each of which is  
23 contiguous to or corners upon at least one of the  
24 other municipal corporations within the complex if the  
25 principal place of business or an office of the  
26 financial institution is also located in the urban  
27 complex.

28 (3) Within the unincorporated area of a county in  
29 which the financial institution has its principal  
30 place of business or an office if another financial  
31 institution does not have its principal place of  
32 business or an office located within a one-mile radius  
33 of the proposed location of the satellite terminal.

34 (4) Within a municipal corporation located in the  
35 same county as the principal place of business or an  
36 office of the financial institution if another  
37 financial institution has not located its principal  
38 place of business or an office within the municipal  
39 corporation.

40 (5) At any location within this state if the  
41 satellite terminal is designed or configured to not  
42 accept deposits and to not dispense cash or script or  
43 other negotiable instruments and if the satellite  
44 terminal is utilized only for the purpose of making  
45 payment to a retailer for goods or services purchased  
46 at the location of the satellite terminal.

47 A financial institution shall not establish a  
48 satellite terminal at any other location except  
49 pursuant to an agreement with a financial institution  
50 which is authorized by this paragraph "a" to establish

1 a satellite terminal at that location and which will  
2 utilize the satellite terminal at that location.  
3 Nothing in this paragraph "a" shall be interpreted to  
4 amend, modify, or supersede any provision of chapter  
5 524 regulating the number or locations of bank offices  
6 of a state or national bank, or to authorize the  
7 establishment by a financial institution of any  
8 offices or other facilities except satellite terminals  
9 at locations permitted by this paragraph "a".

10 Sec. 18. Section 527.5, Code 1985, is amended by  
11 adding the following new subsection:

12 NEW SUBSECTION. 9. Satellite terminals located in  
13 this state shall be directly connected to either of  
14 the following:

15 a. A central routing unit licensed pursuant to  
16 this chapter.

17 b. A data processing center which is directly  
18 connected to a central routing unit licensed pursuant  
19 to this chapter.

20 If a data processing center which is directly  
21 connected to a satellite terminal located in this  
22 state does not authorize a transaction originated at  
23 that terminal, the transaction shall be immediately  
24 transmitted by the data processing center to a central  
25 routing unit licensed pursuant to this chapter, unless  
26 either the transaction is not authorized because of a  
27 mechanical failure of the data processing center or  
28 satellite terminal, or the transaction does not relate  
29 to a deposit account held by a financial institution  
30 with its principal office in this state.

31 This subsection does not limit the authority of a  
32 data processing center to authorize or reject  
33 transactions requested by customers of a financial  
34 institution pursuant to an agreement in which the data  
35 processing center authorizes transactions on behalf of  
36 the financial institution and provides to the  
37 financial institution, on a batch basis and not on an  
38 on-line real time basis, information concerning  
39 authorized or rejected transactions of customers of  
40 the financial institution.

41 Sec. 19. Section 527.5, subsection 5, Code 1985,  
42 is amended to read as follows:

43 5. The satellite terminal shall bear a sign or  
44 label identifying each type of financial institution  
45 utilizing the terminal. A satellite terminal location  
46 shall not be used to advertise individual financial  
47 institutions or any a group of financial institutions.  
48 However, if a satellite terminal is located inside or  
49 consolidated into the wall of the principal place of  
50 business or any other authorized office of a financial

1 institution which has established the terminal, the  
2 satellite terminal may bear a sign or other  
3 advertisement of the establishing institution. The  
4 ~~administrator is-empowered-to may~~ authorize such  
5 methods of identification as the administrator deems  
6 necessary to enable the general public to determine  
7 the accessibility of the satellite terminal.

8 Sec. 20. Section 527.9, subsection 2, Code 1985,  
9 is amended by adding the following new lettered  
10 paragraph:

11 NEW LETTERED PARAGRAPH. f. A representation and  
12 undertaking that the proposed central routing unit is  
13 directly connected to every data processing center  
14 that is directly connected to a satellite terminal  
15 located in this state, and that the proposed central  
16 routing unit will provide for direct connection in the  
17 future with any data processing center that becomes  
18 directly connected to a satellite terminal located in  
19 this state.

20 Sec. 21. Section 527.9, Code 1985, is amended by  
21 adding the following new subsection:

22 NEW SUBSECTION. 5. a. Effective July 1, 1986, a  
23 person owning or operating a central routing unit  
24 authorized under this section shall include public  
25 representation on any board setting policy for the  
26 central routing unit. Four public members shall be  
27 appointed to the board in the following manner:

28 (1) Two members shall be appointed by the  
29 superintendent of banking.

30 (2) One member shall be appointed by the  
31 administrator of the credit union department.

32 (3) One member shall be appointed by the  
33 supervisor of savings and loan associations.

34 b. The superintendent of banking, administrator of  
35 the credit union department, and the supervisor of  
36 savings and loan associations shall form a committee  
37 to set, in conjunction with the entity owning or  
38 operating the central routing unit, the term of  
39 office, the rate of compensation, and the rate of  
40 reimbursement for each public member. However, the  
41 public members shall be entitled to reasonable  
42 compensation and reimbursement from the board.

43 c. Each public member is entitled to all the  
44 rights of participation and voting as any other member  
45 of the board. The public members are to represent the  
46 interest of consumers and the business and  
47 agricultural communities in establishing policies for  
48 the central routing unit.

49 d. It is the intention of the general assembly  
50 that the ratio of public members to the overall

1 membership of the board shall not be less than one  
2 public member for each seven members of the board. If  
3 the number of members on the board is increased, then  
4 the number of members appointed pursuant to paragraph  
5 "a" shall be increased to maintain the minimum ratio.  
6 In this event, a committee composed of the  
7 superintendent of banking, the administrator of the  
8 credit union department, and the supervisor of savings  
9 and loan associations shall appoint additional public  
10 members in order to maintain the minimum ratio.

11 e. An individual shall not be appointed as a  
12 public member pursuant to this subsection if the  
13 individual is directly employed by a financial  
14 institution doing business in this state.

15 Sec. 22. Section 533.4, subsection 5, Code  
16 Supplement 1985, is amended by adding the following  
17 new paragraphs:

18 NEW PARAGRAPH. i. Deposits, obligations,  
19 participations, or other instruments insured by a  
20 state-chartered deposit insurance corporation.

21 NEW PARAGRAPH. j. Commercial paper issued by  
22 United States corporations as defined by the  
23 administrator by rule.

24 Sec. 23. Section 533.5, Code 1985, is amended by  
25 striking the section and inserting in lieu thereof the  
26 following:

27 533.5 MEMBERSHIP.

28 The membership of a credit union shall consist of  
29 those persons in the common bond, duly admitted, who  
30 have paid any required one-time or periodic membership  
31 fee, or both, have subscribed to one or more shares,  
32 and have complied with other requirements the articles  
33 of incorporation and bylaws specify. To continue  
34 membership, a member shall comply with any changes in  
35 the par value of the share. The common bond shall be  
36 determined by the board of directors. If adopted as a  
37 policy by the board of directors of a credit union,  
38 members who cease to meet qualifications of membership  
39 may retain their credit union membership and all  
40 membership privileges. Organizations, incorporated or  
41 otherwise, may be members.

42 Sec. 24. Section 533.9, unnumbered paragraph 1,  
43 Code 1985, is amended to read as follows:

44 Within five days following the organization meeting  
45 and each annual meeting the directors shall elect from  
46 their own number a chairperson of the board, a vice  
47 chairperson, ~~president and a secretary, of whom the~~  
48 ~~last two may be the same individual, and also a chief~~  
49 electd financial officer whose title shall be  
50 designated by the board of directors, a credit

1 committee of not less than three members, and an  
2 auditing committee of not less than three members, and  
3 may also elect alternate members of the credit  
4 committee. ~~It shall be the duty of the~~ The board may  
5 appoint an executive committee to act on its behalf  
6 when designated for that purpose. ~~The directors to~~  
7 have responsibility for the general management of the  
8 affairs of the credit union, particularly to:

9 Sec. 25. Section 533.9, subsections 1 through 7,  
10 Code 1985, are amended by striking the subsections.

11 Sec. 26. Section 533.9, unnumbered paragraph 2,  
12 Code 1985, is amended by striking the unnumbered  
13 paragraph.

14 Sec. 27. Section 533.11, subsections 1 and 2, Code  
15 1985, are amended to read as follows:

16 1. Make or cause to be made an examination of the  
17 affairs of the credit union at least ~~quarterly~~ semi-  
18 annually, including an audit of its books and, ~~in the~~  
19 event said if the committee feels such the action to  
20 be necessary, it shall call the members together  
21 thereafter after the examination and submit to them  
22 its report.

23 2. Make In addition, make or cause to be made an  
24 annual audit and report and submit the same it at the  
25 annual meeting of the members.

26 Sec. 28. Section 533.34, subsection 1, Code 1985,  
27 is amended to read as follows:

28 1. A state credit union may convert into a federal  
29 credit union with the approval of the administrator of  
30 the national credit union administration and by the  
31 affirmative vote of a majority of the credit union's  
32 members ~~eligible to who vote on the proposal.~~ This  
33 vote, if taken, shall be at a ~~special~~ meeting called  
34 for that purpose and shall be in the manner prescribed  
35 by the bylaws. ~~Any member eligible to vote and not~~  
36 ~~present at the meeting may, within twenty days after~~  
37 ~~the date on which the meeting was held, vote in favor~~  
38 ~~of conversion by signing a statement in a form~~  
39 ~~satisfactory to the administrator of the credit union~~  
40 ~~department. This vote shall have the same force and~~  
41 ~~effect as if cast at the meeting.~~

42 Sec. 29. Section 533.38, unnumbered paragraph 1,  
43 Code Supplement 1985, is amended to read as follows:

44 A corporate central credit union may be  
45 established. Credit unions organized under this  
46 chapter, the Federal Credit Union Act, or any other  
47 credit union act Act, and credit union organizations  
48 may be members. In addition, regulated financial  
49 institutions, nonprofit organizations, and cooperative  
50 organizations may be members to the extent and manner

1 provided for in the bylaws of the corporate central  
2 credit union. The corporate central credit union  
3 ~~shall have~~ has all the powers, restrictions, and  
4 obligations imposed upon, or granted to a credit union  
5 under this chapter, except that the corporate central  
6 credit union may exercise any of the following  
7 additional powers subject to the adoption of rules by  
8 the administrator pursuant to chapter 17A and with the  
9 prior written approval of the administrator:

10 Sec. 30. NEW SECTION. 533.48 CREDITING OF  
11 CHECKS.

12 A credit union shall credit a deposit of a check to  
13 the account to which the deposit is made in the manner  
14 prescribed in section 554.4110.

15 Sec. 31. NEW SECTION. 533.49 INVESTMENT IN BANKS  
16 OR SAVINGS AND LOAN ASSOCIATIONS.

17 1. With the prior approval of the administrator  
18 and the superintendent of banking, a credit union may  
19 invest in the capital stock, obligations, or other  
20 securities of a bank.

21 2. With the prior approval of the administrator  
22 and the supervisor of savings and loan associations, a  
23 credit union may invest in the capital stock,  
24 obligations, or other securities of a state savings  
25 and loan association.

26 3. The administrator shall not grant an approval  
27 under subsection 1 or 2, except after making one of  
28 the following findings:

29 a. Based upon a preponderance of the evidence  
30 presented, the proposed investment will not have the  
31 immediate effect of significantly reducing competition  
32 between depository financial institutions located in  
33 the same community in which the institution whose  
34 shares would be acquired is located.

35 b. Based upon a preponderance of the evidence  
36 presented, the proposed investment would have the  
37 anticompetitive effect specified in paragraph "a", but  
38 other factors, to be specifically cited, outweigh the  
39 anticompetitive effect so that there will be a net  
40 public benefit as a result of the investment.

41 4. An investment under this section shall not be  
42 grounds for denying the incorporation of another bank  
43 or savings and loan association in the community of  
44 the acquired bank or savings and loan association.

45 Sec. 32. Section 534.102, Code Supplement 1985, is  
46 amended by adding the following new subsections:

47 NEW SUBSECTION. 34. "Mutual holding company"  
48 means a corporation which is organized under chapter  
49 496A and of which the sole shareholders are persons  
50 who would be members of a stock association which is

1 wholly owned by the corporation-if the stock  
2 association were a mutual association.

3 NEW SUBSECTION. 35. "Stock holding company" means  
4 an association holding company which is not a mutual  
5 holding company.

6 Sec. 33. Section 534.207, subsection 1, paragraph  
7 a, Code 1985, is amended to read as follows:

8 a. Loans secured by ~~first~~ liens or ~~first~~ claims on  
9 residential real estate, participation interests in  
10 groups of loans secured by ~~first~~ liens or ~~first~~ claims  
11 on residential real estate, securities that are  
12 secured by groups of loans secured by ~~first~~ liens or  
13 ~~first~~ claims on residential real estate, or property  
14 improvement loans for the making of improvements upon  
15 residential real property, or a combination of these.

16 Sec. 34. Section 534.209, subsection 2, Code 1985,  
17 is amended to read as follows:

18 2. As an annual average, based on monthly  
19 computations, an association ~~may~~ shall hold not more  
20 than one percent of its assets in commercial loans,  
21 ~~provided-that.~~ However, this limitation shall  
22 increase to two percent of assets on July 1, 1983, to  
23 three percent of assets on July 1, 1984, to four  
24 percent of assets on July 1, 1985, and to five percent  
25 of assets on July 1, 1986,~~-but-further-provided-that.~~  
26 In addition, commencing on the effective date of any  
27 federal statute or federal rule or regulation removing  
28 all limitations or controls on the rates of interest  
29 that may be paid by banks and savings and loan  
30 associations on savings accounts, an association may  
31 hold not more than ~~ten~~ forty percent of its assets in  
32 commercial loans and consumer loans.

33 Sec. 35. NEW SECTION. 534.309 CREDITING OF  
34 CHECKS.

35 An association shall credit a deposit of a check to  
36 the account to which the deposit is made in the manner  
37 prescribed in section 554.4110.

38 Sec. 36. NEW SECTION. 534.518 MUTUAL HOLDING  
39 COMPANY SHAREHOLDERS.

40 A mutual holding company shall not issue stock  
41 certificates to its shareholders. A shareholder shall  
42 have all voting rights as specified in chapter 496A.  
43 A shareholder is entitled to the same number of votes  
44 the shareholder would have in a mutual association if  
45 the stock association which is a wholly owned  
46 subsidiary of the mutual holding company were the  
47 mutual association. Upon dissolution of the mutual  
48 holding company, each shareholder has the same rights  
49 relative to other shareholders as the shareholder  
50 would have upon dissolution of a mutual association if

1 the stock association which is a wholly owned  
2 subsidiary of the mutual holding company were such  
3 mutual association. This section supersedes  
4 conflicting provisions of chapter 496A and other  
5 sections of this chapter.

6 Sec. 37. NEW SECTION. 534.519 FORMATION OF  
7 MUTUAL HOLDING COMPANY.

8 A mutual holding company may be formed as provided  
9 in one or more transactions authorized in this  
10 section.

11 1. PLAN OF REORGANIZATION. The board of directors  
12 of a mutual association shall adopt a plan of  
13 reorganization providing for all of the following:

14 a. The organization of a corporation under chapter  
15 496A to become the mutual holding company.

16 b. The incorporation of a stock association under  
17 this chapter.

18 c. The transfer from the mutual association to the  
19 stock association of a substantial part of its assets.

20 d. The assumption by the stock association of all  
21 of the deposit account liabilities of the mutual  
22 association.

23 e. The transfer from the mutual association to the  
24 mutual holding company of a portion of its assets.

25 f. The issuance by the stock association of all of  
26 its common stock to the mutual holding company.

27 g. The members of the mutual association becoming  
28 shareholders of the mutual holding company.

29 h. Any other lawful provisions as determined by  
30 the board of directors.

31 2. APPROVAL AND NOTIFICATION. The approval of the  
32 plan of reorganization by the members of the mutual  
33 association is not required. The plan of  
34 reorganization shall be submitted to the supervisor  
35 for approval as provided in section 534.509,  
36 subsection 4, for a plan of conversion. The board of  
37 directors shall also submit to the supervisor for  
38 approval a summary of the plan of reorganization which  
39 shall be mailed to the members of the mutual  
40 association after approval of the plan of  
41 reorganization by the supervisor.

42 Sec. 38. NEW SECTION. 534.520 CONVERSION OF  
43 MUTUAL HOLDING COMPANY.

44 A mutual holding company may be converted to a  
45 stock holding company as provided in this section.

46 1. PLAN OF CONVERSION. The board of directors of  
47 the mutual holding company shall adopt a plan of  
48 conversion providing for the issuance of stock  
49 certificates to the shareholders of the mutual holding  
50 company as of a specified date of conversion and

1 providing for any other lawful provisions as  
2 determined by the board of directors.

3 2. APPROVAL AND NOTIFICATION. The approval of the  
4 plan of conversion by the shareholders of the mutual  
5 holding company is not required. The plan of  
6 conversion shall be submitted to the supervisor for  
7 approval as provided in section 534.509, subsection 4,  
8 for a plan of conversion of an association. The board  
9 of directors shall also submit to the supervisor for  
10 approval a summary of the plan of conversion which  
11 shall be mailed to the shareholders of the mutual  
12 holding company after approval of the plan of  
13 conversion by the supervisor.

14 Sec. 39. Section 535.8, subsection 2, paragraph b,  
15 Code Supplement 1985, is amended by adding the  
16 following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. Upon request of the  
18 borrower, the lender shall provide the borrower with a  
19 copy of any document or report that the lender used in  
20 processing the loan and for which the borrower was  
21 charged under this paragraph "b". The borrower's  
22 right to copies under this paragraph is retroactive  
23 and may be exercised for any loan on property in which  
24 the borrower has an ownership interest at the time of  
25 the request.

26 Sec. 40. Section 535.10, subsection 2, Code 1985,  
27 is amended by striking the subsection and inserting  
28 the following:

29 2. A home equity line of credit is subject to  
30 chapter 537 regardless of whether the amount financed,  
31 as defined in section 537.1301, subsection 4,  
32 paragraph "b", exceeds twenty-five thousand dollars  
33 and regardless of whether the debt is incurred  
34 primarily for a personal, family or household purpose  
35 as long as the account is secured by real estate which  
36 is the consumer's principal dwelling. However,  
37 sections 537.2307, 537.2402, and 537.2510 do not apply  
38 to a home equity line of credit.

39 Sec. 41. Section 536A.22, Code 1985, is amended to  
40 read as follows:

41 536A.22 THRIFT CERTIFICATES.

42 Licensed industrial loan companies may sell senior  
43 debt to the general public in the form of thrift  
44 certificates, installment thrift certificates,  
45 certificates of indebtedness, promissory notes, or  
46 similar evidences of indebtedness. The total amount  
47 of such the thrift certificates, installment thrift  
48 certificates, certificates of indebtedness, promissory  
49 notes, or similar evidences of indebtedness  
50 outstanding and in the hands of the general public

1 shall not at any time exceed ten times the total  
2 amount of capital, surplus, and undivided profits and  
3 ~~subordinated-debt-that-gives-priority-to-such~~  
4 ~~securities~~ of the issuing industrial loan company.  
5 Except as provided in chapter 536B, the sale of such  
6 ~~the securities shall-be is~~ subject to ~~the-provisions~~  
7 ~~of~~ chapter 502, and ~~shall is not be-construed-to-be~~  
8 ~~exempt therefrom from chapter 502~~ by reason of the  
9 ~~provisions-of~~ section 502.202, subsection 10, except  
10 that the sale of thrift certificates or installment  
11 thrift certificates which are redeemable by the holder  
12 thereof either upon demand or within a period not in  
13 excess of one hundred eighty days ~~shall-be are~~ exempt  
14 from sections 502.201 and 502.602.

15 Sec. 42. NEW SECTION. 554.4110 CREDITING OF  
16 CHECKS.

17 1. As used in this section, unless the context  
18 otherwise requires:

19 a. "Account" means a demand deposit account or  
20 other similar transaction account including, but not  
21 limited to, a negotiable order of withdrawal account  
22 or a share draft account at a financial institution.

23 b. "Business day" means any day other than  
24 Saturday, Sunday, or a legal holiday.

25 c. "Cashier's check" means a check which is drawn  
26 on a financial institution, is signed by an officer or  
27 employee of the financial institution, and is a direct  
28 obligation of the financial institution.

29 d. "Certified check" means a check with respect to  
30 which a financial institution certifies that the  
31 signature on the check is genuine and the financial  
32 institution has set aside funds from the account which  
33 are equal to the amount of the check and are to be  
34 used only to pay the check.

35 e. "Check" means any negotiable demand draft drawn  
36 on or payable through a financial institution.

37 f. "Depository check" means a cashier's check,  
38 certified check, teller's check, or other functionally  
39 equivalent instrument.

40 g. "Financial institution" means a bank, savings  
41 and loan association, savings bank, or credit union.

42 h. "Teller's check" means a check issued by a  
43 financial institution and drawn on another depository  
44 institution.

45 2. Funds deposited in an account at a financial  
46 institution doing business in this state by check  
47 shall be available on two business days following the  
48 business day on which the check was deposited if  
49 either of the following is applicable:

50 a. The check is an amount of one hundred dollars

1 or less.

2 b. The check is deposited in the same financial  
3 institution on which it is drawn or is deposited in an  
4 office or a branch of the same financial institution  
5 on which it is drawn.

6 3. Not more than four business days shall  
7 intervene between the business day on which funds are  
8 deposited in an account at a financial institution  
9 doing business in this state by a check drawn on a  
10 financial institution located in this state and the  
11 business day on which the funds are available for  
12 withdrawal.

13 4. The time limitations contained in subsections 2  
14 and 3 may be extended by one business day if the  
15 deposit is at a shared automatic teller machine.

16 5. The time limitations in subsections 2 and 3 may  
17 be extended by one business day if the financial  
18 institution in which the check is deposited utilizes a  
19 correspondent or depository financial institution in  
20 the check clearing process.

21 6. The time limitations contained in subsections 2  
22 and 3 do not apply to a check deposited in an account  
23 that has been open less than thirty calendar days.

24 7. In the case of funds deposited on any business  
25 day in an account at a financial institution by checks  
26 the aggregate amount of which exceeds five thousand  
27 dollars, subsections 2 and 3 shall apply only with  
28 respect to the first five thousand dollars of such  
29 aggregate amount.

30 8. In the case of a check which was returned  
31 unpaid by the originating financial institution,  
32 subsections 2 and 3 shall not apply to any subsequent  
33 redeposit of such check in an account at a financial  
34 institution.

35 9. In any case in which, on three separate and  
36 distinct occasions within any six-month period, any  
37 account (or successor account) of a depositor has been  
38 the subject of checks which were written by such  
39 depositor and which were in excess of the available  
40 funds in the account involved, subsections 2 and 3  
41 shall not apply to any such account for a period of  
42 six months following the last occasion involved.

43 10. Subsections 2 and 3 shall not apply in any  
44 case in which a check is drawn on a financial  
45 institution, or an office of a financial institution,  
46 located outside of the United States.

47 11. A financial institution shall post in a  
48 conspicuous place in each location where deposits are  
49 accepted by individuals employed by the financial  
50 institution, a specific notice which describes the

1 time periods applicable to the availability of funds  
2 deposited in a customer's account.

3 12. In the case of an automated teller machine at  
4 which funds are received for deposit in an account at  
5 a financial institution, the owner or operator of the  
6 automated teller machine shall post a general notice  
7 that funds deposited in the machine may not be  
8 immediately available for withdrawal.

9 Sec. 43. NEW SECTION. 654.2A FORECLOSURE ON  
10 HOMESTEAD --NOTICE, RIGHT TO CURE DEFAULT.

11 1. A creditor shall not initiate an action  
12 pursuant to this chapter to foreclose on a deed of  
13 trust or mortgage on a homestead, as defined in  
14 chapter 561, until the creditor has complied with this  
15 section.

16 2. A creditor who believes in good faith that a  
17 borrower on a deed of trust or mortgage on a homestead  
18 is in default shall give the borrower a notice of  
19 right to cure as provided in section 654.2B. A  
20 creditor gives the notice when the creditor delivers  
21 the notice to the consumer or mails the notice to the  
22 borrower's residence.

23 3. The borrower has a right to cure the default  
24 within thirty days from the date the creditor gives  
25 the notice.

26 4. a. The creditor shall not accelerate the  
27 maturity of the unpaid balance of the obligation,  
28 demand or otherwise take possession of the land,  
29 otherwise than by accepting a voluntary surrender of  
30 it, or otherwise attempt to enforce the obligation  
31 until thirty days after a proper notice of right to  
32 cure is given.

33 b. Until the expiration of thirty days after  
34 notice is given, the borrower may cure the default by  
35 tendering either the amount of all unpaid installments  
36 due at the time of tender, without acceleration, or  
37 the amount stated in the notice of right to cure,  
38 whichever is less, or by tendering any other  
39 performance necessary to cure a default which is  
40 described in the notice of right to cure.

41 5. The act of curing a default restores to the  
42 borrower the borrower's rights under the obligation  
43 and the deed of trust or mortgage.

44 6. This section does not prohibit a borrower from  
45 voluntarily surrendering possession of the homestead  
46 and does not prohibit the creditor from enforcing the  
47 creditor's interest in the land at any time after the  
48 creditor has complied with this section and the  
49 borrower did not cure the alleged default.

50 Sec. 44. NEW SECTION. 654.2B REQUIREMENTS OF

S-5945

1 NOTICE OF RIGHT TO CURE.

2 The notice of right to cure shall be in writing and  
3 shall conspicuously state the name, address, and  
4 telephone number of the creditor to which payment is  
5 to be made, a brief identification of the obligation  
6 secured by the deed of trust or mortgage and of the  
7 borrower's right to cure the default, a statement of  
8 nature of the right to cure the default, a statement  
9 of the nature of the alleged default, a statement of  
10 the total payment or other performance necessary to  
11 cure the alleged default, the exact date by which the  
12 amount must be paid or performance tendered and a  
13 statement that if the borrower does not cure the  
14 alleged default that the creditor is entitled to  
15 proceed with initiating a foreclosure action.

16 Sec. 45. Section 654.18, Code Supplement 1985, is  
17 amended by adding the following new subsection:

18 NEW SUBSECTION. 5. The agreement provided for in  
19 subsection 1 is not enforceable against the mortgagor  
20 if the agreement is entered into more than three  
21 months prior to the recording of the conveyance from  
22 the mortgagor to the mortgagee described in subsection  
23 1, subparagraph (a). A prior agreement or arrangement  
24 between the mortgagor and mortgagee, that they will  
25 enter into an agreement provided for in subsection 1  
26 if the mortgagor is unable to make payments or  
27 otherwise is in danger of default, is void.

28 Sec. 46. Sections 43 and 44 of this Act shall  
29 apply to any foreclosure on a homestead in which an  
30 action pursuant to chapter 652 was initiated on or  
31 after January 1, 1986.

32 Sec. 47. If the federal government enacts  
33 legislation concerning the subject matter contained in  
34 sections 4, 30, 35, and 42 of this Act, the attorney  
35 general shall determine whether the federal  
36 legislation preempts any part of this subject matter  
37 contained in those sections. If the attorney general  
38 determines that there is any preemption, sections 4,  
39 30, 35, and 42 of this Act shall be deemed totally  
40 preempted and shall be void.

41 Sec. 48. Sections 4, 30, 35, and 42 of this Act  
42 are effective January 1, 1987."

43 2. Title page, by striking lines 1 through 4 and  
44 inserting the following: "An Act relating to  
45 financial transactions."  
46  
47  
48  
49  
50

S-5945 Filed May 2, 1986 REC'D FROM THE HOUSE

SENATE FILE 2208

S-5960

1 Amend the House amendment, S-5945, to Senate File  
2 2208 as amended, passed and reprinted by the Senate as  
3 follows:

4 1. Page 4, by inserting after line 38 the  
5 following:

6 "Sec. \_\_\_\_ . Section 524.1202, subsection 1, Code  
7 Supplement 1985, is amended to read as follows:

8 1. Except as otherwise provided in subsection 2 of  
9 ~~this-section or section 524.1421~~, no a state bank  
10 shall not establish a bank office outside the  
11 corporate limits of a municipal corporation or in a  
12 municipal corporation in which there is already an  
13 established state or national bank or office, ~~however.~~  
14 However, the subsequent chartering and establishment  
15 of any a state or national bank, through the opening  
16 of its principal place of business within the  
17 municipal corporation where the bank office is  
18 located, shall not affect the right of the bank office  
19 to continue in operation in that municipal  
20 corporation. The existence and continuing operation  
21 of a bank office shall not be affected by the  
22 subsequent discontinuance of a municipal corporation  
23 pursuant to ~~the-provisions-of~~ sections 368.11 to  
24 368.22. A bank office existing and operating on July  
25 1, 1976, which is not located within the confines of a  
26 municipal corporation, shall be allowed to continue  
27 its existence and operation without regard to this  
28 subsection.

29 Sec. \_\_\_\_ . NEW SECTION. 524.1421 REORGANIZATION  
30 OF BANK AFFILIATES.

31 1. Notwithstanding any other provision of this  
32 chapter, the resulting bank of a merger or  
33 consolidation of two or more banks, which have been  
34 affiliates as defined in section 524.1101 for more  
35 than five years prior to the effective date of the  
36 merger or consolidation, may retain and operate as its  
37 retained bank offices the principal places of business  
38 and all bank offices of the affiliate banks which are  
39 merged or consolidated into the resulting bank.

40 2. The resulting bank may establish bank offices  
41 allowed by other sections of this chapter to the same  
42 extent as if the merger or consolidation had not  
43 occurred.

44 3. This section does not permit the resulting bank  
45 to establish after the effective date of the merger or  
46 consolidation any bank offices in addition to those  
47 allowed to the resulting bank by other sections of  
48 this chapter. However, the resulting bank may  
49 establish and operate facilities which in the absence  
50 of the merger or consolidation would be considered

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1 under section 524.1202, subsection 2, paragraphs "c"  
2 and "d", to be an integral part of the former  
3 principal places of business of the affiliates which  
4 are merged or consolidated into the resulting bank.

5 4. Retained bank offices as provided in subsection  
6 1 shall be operated by the resulting bank in the same  
7 manner as bank offices established under section  
8 524.1201. The banks which are merged or consolidated  
9 under this section shall retain an advisory board of  
10 directors to advise on the operations of the retained  
11 bank office. The board shall be comprised of citizens  
12 residing in the area served by the bank office.

13 5. This section does not alter the limitations  
14 upon bank holding companies contained in section  
15 524.1802.

16 6. The privileges of this section are available on  
17 the same conditions to national banks.

18 7. This section shall be strictly construed as an  
19 exception to the bank office location limitations  
20 contained in section 524.1202 and it is the intent of  
21 the general assembly that a court or regulatory agency  
22 interpreting this section shall not interpret it to  
23 permit statewide branch banking or the location of a  
24 bank office in this state other than as provided in  
25 this section and in sections 524.312 and 524.1202.

26 This section does not authorize the establishment of  
27 bank offices at any time or by any bank except when  
28 done as the direct and immediate consequence of a  
29 merger or consolidation, does not authorize the  
30 establishment of the principal place of business of  
31 the resulting bank of a merger or consolidation at any  
32 location other than one actually occupied and operated  
33 as a principal place of business of one of the parties  
34 to the merger or consolidation, does not authorize a  
35 bank office at any location other than one actually  
36 occupied and operated as a principal place of business  
37 or bank office by one of the parties to the merger or  
38 consolidation, and does not authorize a greater number  
39 of bank offices within the municipality or urban  
40 complex of the principal place of business of the  
41 resulting bank than is expressly permitted by section  
42 524.1202, subsection 2."

43 2. Renumber as necessary.

SENATE FILE 2208

S-5953

1 Amend the House Amendment, S-5945, to Senate File  
2 2208 as amended, passed, and reprinted by the Senate  
3 as follows:

- ~~A 4 1. Page 1, by striking lines 5 through 10.~~
- ~~B 5 2. Page 1, by striking lines 11 through 17.~~
- ~~C 6 3. Page 1, by striking lines 18 through 23.~~
- ~~E 7 4. Page 1, by striking lines 24 through 28.~~
- ~~B 8 5. Page 1, by striking lines 29 through 50.~~
- ~~C 9 6. Page 2, by striking lines 1 through 14.~~
- ~~B 10 7. Page 2, by striking lines 15 through 21.~~
- ~~F 11 8. Page 2, by striking lines 22 through 37.~~
- ~~G 12 9. By striking page 2, line 38 through page 3,  
13 line 13.~~
- ~~H 14 10. Page 3, by striking lines 14 through 36.~~
- ~~I 15 11. By striking page 3, line 37 through page 4,  
16 line 38.~~
- ~~17 12. By striking page 4, line 39 through page 5,  
D 18 line 37.~~
- ~~19 13. By striking page 5, line 38 through page 9,  
20 line 11.~~
- ~~B 21 14. By striking page 9, line 12 through page 11,  
22 line 29.~~
- ~~23 15. Page 11, by striking lines 30 through 45.~~
- ~~24 16. By striking page 11, line 46 through page 12,  
25 line 10.~~
- ~~26 17. By striking page 12, line 11 through page 13,  
27 line 9.~~
- ~~J 28 18. Page 13, by striking lines 10 through 40.~~
- ~~29 19. By striking page 13, line 41 through page 14,  
30 line 7.~~
- ~~31 20. Page 14, by striking lines 8 through 19.~~
- ~~32 21. By striking page 14, line 20 through page 15,  
33 line 14.~~
- ~~K 34 22. Page 15, by striking lines 15 through 23.~~
- ~~L 35 23. Page 15, by striking lines 24 through 41.~~
- ~~36 24. By striking page 15, line 42 through page 16,  
37 line 8.~~
- ~~M 38 25. Page 16, by striking lines 9 and 10.~~
- ~~39 26. Page 16, by striking lines 11 through 13.~~
- ~~40 27. Page 16, by striking lines 14 through 25.~~
- ~~N 41 28. Page 16, by striking lines 26 through 41.~~
- ~~O 42 29. By striking page 16, line 42 through page 17,  
43 line 9.~~
- ~~E 44 30. Page 17, by striking lines 10 through 14.~~
- ~~P 45 31. Page 17, by striking lines 15 through 44.~~
- ~~46 32. By striking page 17, line 45 through page 18,  
Q 47 line 5.~~
- ~~48 33. Page 18, by striking lines 6 through 15.~~
- ~~S 49 34. Page 18, by striking lines 16 through 32.~~
- ~~E 50 35. Page 18, by striking lines 33 through 37.~~

- 1 36. By striking page 18, line 38 through page 19,
- 2 line 5.
- 3 37. Page 19, by striking lines 6 through 41.
- 4 38. By striking page 19, line 42 through page 20,
- 5 line 13.

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- 6 39. Page 20, by striking lines 14 through 25.
- 7 40. Page 20, by striking lines 26 through 38.
- 8 41. By striking page 20, line 39 through page 21,
- 9 line 14.

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- 10 42. By striking page 21, line 15 through page 23,
- 11 line 8.

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- 12 43. Page 23, by striking lines 9 through 49.
- 13 44. By striking page 23, line 50 through page 24,
- 14 line 15.

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- 15 45. Page 24, by striking lines 16 through 27.
- 16 46. page 24, by striking lines 28 through 31.
- 17 47. Page 24, by striking lines 32 through 40.
- 18 48. Page 24, by striking lines 41 through 42.
- 19 49. Page 24, by striking lines 43 through 45.
- 20 50. Renumber as necessary.

S-5953 Filed May 2, 1986  
BY KINLEY

SENATE FILE 2208

- 1 Amend the House amendment, S-5945, to Senate File
- 2 2208 as amended, passed, and reprinted by the Senate
- 3 as follows:
- 4 1. By striking page 1, line 3 through page 24,
- 5 line 45 and inserting the following:
- 6 " \_\_\_\_ . Page 1, by inserting after line 21 the
- 7 following:
- 8 "Sec. \_\_\_\_ . The legislative council shall appoint
- 9 an interim study committee of members of both the
- 10 majority and minority parties of both the senate and
- 11 house of representatives to study the issue of the
- 12 current state and possible future directions of the
- 13 financial industry in the state. The committee shall
- 14 examine factors including, but not limited to, the
- 15 desirability of permitting interstate banking,
- 16 measures to assure that local community credit and
- 17 deposit needs are being met, lending and investment
- 18 policies and practices of financial institutions in
- 19 the state, the desirability of revising the state
- 20 limitation on branch banking and effects of federal
- 21 deregulation on financial institutions and customers
- 22 in this state."
- 23 2. Title page, by striking lines 1 through 4 and
- 24 inserting the following: "An Act relating to
- 25 financial institutions and financial transactions."

S-5949 Filed May 2, 1986  
BY PETERSON

**LOST**

*Loss 5/2 (p. 1566)*

SENATE FILE 2208

S-5948

1 Amend the House amendment, S-5945, to Senate File  
2 2208 as amended, passed, and reprinted by the Senate  
3 as follows:

4 1. Page 4, by inserting after line 38 the  
5 following:

6 "Sec. \_\_\_\_ . Section 524.1201, Code 1985, is amended  
7 to read as follows:

8 524.1201 GENERAL PROVISIONS.

9 ~~No bank shall open or maintain a branch bank.~~ A  
10 state bank may establish and operate bank offices at  
11 any location within this state and in any number as  
12 deemed desirable by the bank, subject to approval and  
13 regulation of the superintendent and to the  
14 restrictions upon location and number imposed by  
15 section 524.1202. A bank office may furnish all  
16 banking services ordinarily furnished to customers and  
17 depositors at the principal place of business of the  
18 state bank which operates the office, and a bank  
19 office manager or an officer of the bank shall be  
20 physically present at each bank office during a  
21 majority of its business hours. The central executive  
22 and official business and principal record-keeping  
23 functions of a state bank shall be exercised only at  
24 its principal place of business, except that data  
25 processing services referred to in section 524.804 may  
26 be performed for the state bank at some other point.  
27 All transactions of a bank office shall be immediately  
28 transmitted to the principal place of business of the  
29 state bank which operates the office, and no current  
30 record-keeping functions shall be maintained at a bank  
31 office except to the extent the state bank which  
32 operates the office deems it desirable to keep there  
33 duplicates of the records kept at the principal place  
34 of business of the state bank.

35 Sec. \_\_\_\_ . Section 524.1204, Code 1985, is amended  
36 to read as follows:

37 524.1204 PRIVILEGES EXTENDED TO NATIONAL BANKS.

38 The privileges extended to state banks by section  
39 sections 524.1201, 524.1202 and 524.1212 and chapter  
40 527 shall be available on the same conditions to  
41 national banks to the extent they are so authorized by  
42 federal law."

43 2. Page 24, by inserting after line 42 the  
44 following:

45 " \_\_\_\_ . Section 524.1202, Code Supplement 1985, is  
46 repealed".

47 3. By renumbering as necessary.

S-5948 Filed May 2, 1986

BY PETERSON

SENATE FILE 2208

S-5947

1 Amend the House amendment, S-5945, to Senate File  
2 2208 as amended, passed, and reprinted by the Senate  
3 as follows:

4 1. Page 4, line 42, by striking the word and  
5 figure "subsection 2" and inserting the following:  
6 "subsections 2 and 3".

7 2. Page 5, by inserting after line 37 the  
8 following:

9 "3. a. An out-of-state bank holding company  
10 located in a state which is in the midwestern region  
11 of the United States may acquire, directly or  
12 indirectly, voting shares, an interest in, or control  
13 of banks located in Iowa if the state in which it is  
14 located permits bank holding companies located in Iowa  
15 to acquire voting shares, an interest in, or control  
16 of banks located within that state.

17 b. If it is ultimately determined that the  
18 limitation in paragraph "a" restricting reciprocity to  
19 states in the midwestern region of the United States  
20 is invalid, then all of paragraph "a" is void and no  
21 reciprocity is allowed. However, if paragraph "a"  
22 becomes void an out-of-state bank holding company,  
23 directly or indirectly, owning voting shares, an  
24 interest in, or control of a bank located in Iowa may  
25 maintain the interest and may expand holdings not to  
26 exceed the limitations contained in section 524.1802.

27 c. For the purposes of this subsection, a bank  
28 holding company is deemed to be located in the state  
29 in which the operations of its banking subsidiaries  
30 are "principally conducted" as defined in 12 U.S.C. §  
31 1842(d), as amended to January 1, 1971. For the  
32 purposes of this subsection, "midwestern region of the  
33 United States" includes the states of Iowa, Missouri,  
34 Nebraska, Kansas, South Dakota, North Dakota,  
35 Minnesota, Wisconsin, and Illinois."

S-5947 Filed May 2, 1986

BY PETERSON

SENATE FILE 2208

S-5946

1 Amend the House amendment, S-5945, to Senate File  
2 2208 as amended, passed and reprinted by the Senate as  
3 follows:

4 1. By striking page 20, line 39 through page 21,  
5 line 14.

6 2. Renumber as necessary.

S-5946 Filed May 2, 1986

BY PRIEBE

SENATE FILE 2208

S-5962

1 Amend the House amendment, S-5945, to Senate File  
2 2208 as amended, passed, and reprinted by the Senate  
3 as follows:

4 1. Page 1, by inserting after line 10 the  
5 following:

6 "Sec. \_\_\_\_ . Section 422.61, subsection 1, Code  
7 Supplement 1985, is amended to read as follows:

8 1. "Financial institution" means a state bank as  
9 defined in section 524.103, subsection 19, a national  
10 banking association ~~having-its-principal-office-within~~  
11 this, a state bank chartered by another state, a trust  
12 company, a federally chartered savings and loan  
13 association, a financial institution chartered by the  
14 federal home loan bank board, an association  
15 incorporated or authorized to do business under  
16 chapter 534, or a production credit association.

17 Sec. \_\_\_\_ . Section 453.4, Code 1985, is amended by  
18 striking the section and inserting in lieu thereof the  
19 following:

20 453.4 LOCATION OF DEPOSITORIES.

21 1. Public funds deposited pursuant to section  
22 453.1 may be deposited in any depository located in  
23 the state.

24 2. Deposits may be made in depositories outside of  
25 the state for the purpose of paying principal and  
26 interest on bonded indebtedness of any municipality  
27 when the deposit is made not more than ten days before  
28 the date the principal or interest becomes due. In  
29 addition, the treasurer of state may maintain an  
30 account outside the state of Iowa for the purpose of  
31 providing custodial services for the state and state  
32 retirement fund accounts."

33 2. Page 5, by inserting after line 37 the  
34 following:

35 "As used in this subsection, the term "appropriate  
36 regulatory authorities" includes the state  
37 superintendent of banking. The superintendent shall  
38 require the bank holding company proposing to make the  
39 acquisition to immediately file all information  
40 required pursuant to section 453.6A relating to the  
41 commitment to and history of community reinvestment.  
42 The superintendent shall not approve an acquisition  
43 unless the superintendent finds that the bank holding  
44 company has done all of the following:

45 a. Provided all information and documents  
46 requested by the superintendent under this section.

47 b. Demonstrated an acceptable prior record of  
48 meeting the credit and deposit needs of the local  
49 communities in which it has engaged in the banking  
50 business.

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1 c. Demonstrated a commitment and willingness to  
2 meet the credit and deposit needs of the local Iowa  
3 communities it will serve if the application is  
4 approved.

5 d. Demonstrated financial resources, prior  
6 investment policies, and managerial capabilities which  
7 will enable it adequately to serve the local Iowa  
8 communities in which it will engage in the banking  
9 business if the acquisition is approved.

10 e. Satisfied any other conditions or requirements  
11 established by the superintendent.

12 In making the determinations under this subsection,  
13 the superintendent shall review documents filed with  
14 federal regulatory authorities pursuant to the  
15 Community Reinvestment Act, 12 U.S.C. §2901 et seq.  
16 and regulations adopted pursuant to the Act regarding  
17 the bank holding company which proposes the  
18 acquisition, and financial institutions owned or  
19 controlled by the bank holding company. In addition,  
20 consistent with the confidentiality of financial  
21 institution records, the superintendent shall consider  
22 other factors including the factors enumerated in  
23 section 453.6A, subsection 4, paragraph "a" through  
24 "h". Notwithstanding section 22.7, subsection 21, if  
25 the application is approved, as soon as practical the  
26 superintendent shall make documents filed under this  
27 subsection relating to community reinvestment  
28 available and accessible for examination by citizens."

29 3. Page 7, line 28, by inserting after the word  
30 "credit" the following: "and deposit".

31 4. Page 7, line 31, by inserting after the word  
32 "credit" the following: "and deposit".

33 5. Page 7, by inserting after line 40 the  
34 following:

35 " . In making the determinations under paragraph  
36 "c", the superintendent shall require the bank holding  
37 company proposing to make the acquisition to  
38 immediately file all information required pursuant to  
39 section 453.6A relating to the commitment to and  
40 history of community reinvestment. The superintendent  
41 shall review documents filed with federal regulatory  
42 authorities pursuant to the Community Reinvestment  
43 Act, 12 U.S.C. §2901 et seq. and regulations adopted  
44 pursuant to the Act, regarding the bank holding  
45 company which proposes to acquire the failed bank, and  
46 financial institutions owned or controlled by the bank  
47 holding company. In addition, consistent with the  
48 confidentiality of financial institution records, the  
49 superintendent shall consider other factors including  
50 the factors enumerated in section 453.6A, subsection

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1 4, paragraph "a" through "h". Notwithstanding section  
2 22.7, subsection 21, if the application is approved,  
3 as soon as practical the superintendent shall make  
4 documents filed under this section relating to  
5 community reinvestment available and accessible for  
6 examination by citizens."

7 6. Page 11, line 9, by inserting after the word  
8 "credit" the following: "and deposit".

9 7. Page 11, line 12, by inserting after the word  
10 "credit" the following: "and deposit".

11 8. Page 11, by inserting after line 18 the  
12 following:

13 "\_\_\_\_\_. In making the determinations under  
14 subsection 5, the superintendent shall require the  
15 bank holding company proposing to make the acquisition  
16 to immediately file all information required pursuant  
17 to section 453.6A relating to the commitment to and  
18 history of community reinvestment. The superintendent  
19 and the court shall review documents filed with  
20 federal regulatory authorities pursuant to the  
21 Community Reinvestment Act, 12 U.S.C. §2901 et seq.  
22 and regulations adopted pursuant to the Act regarding  
23 the bank holding company which proposes to acquire the  
24 distressed bank holding company, and financial  
25 institutions owned or controlled by the bank holding  
26 company. In addition, consistent with the  
27 confidentiality of financial institution records, the  
28 superintendent shall consider other factors including  
29 the factors enumerated in section 453.6A, subsection  
30 4, paragraphs "a" through "h". Notwithstanding  
31 section 22.7, subsection 21, if the application is  
32 approved, as soon as practical, the superintendent  
33 shall make documents filed under this section relating  
34 to community reinvestment available and accessible for  
35 examination by citizens."

36 9. Renumber as necessary.

S-5962 Filed May 2, 1986  
BY DELUHERY